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STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN
ROOM 327-328 SMITH MEMORIAL CENTER
PORTLAND STATE UNIVERSITY, PORTLAND, OREGON

September 29, 1978

Meeting #451
A regular meeting of the State Board of Higher Education was held in
Room 327-328 Smith Memorial Center, Portland State University, Portland,
Oregon.

ROLL CALL
The meeting was called to order at 8:30 A.M. (P.S.T.), September 29, 1978,
by the Vice President of the Board, Mr. Edward C. Harms, Jr., and on
roll call the following answered present:

Mr. Lester Anderson
Mr. Jonathan A. Ater
Mr. Alvin R. Batiste
Mrs. Jane H. Carpenter
Mrs. Betty Feves
Mr. Edward C. Harms, Jr.
Mr. Robert C. Ingalls
Mr. Gregory G. Moore
Mr. Loren L. Wyss

ABSENT: Mr. Louis B. Perry was absent for business reasons;
Mr. William C. Thorp III was absent due to a long-standing previous commit­
ment.

OTHERS PRESENT

Centralized Activities--Chancellor R. E. Lieuallen; Secretary Wilma L. 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. Lemman, Jr., Vice Chancellor for Personnel Administration; Edward
Branchfield, Assistant Attorney General; Stoddard Malarkey, Assistant
Chancellor; Janet E. Young, Assistant to the Chancellor; Richard Zita,
Director, Public Services and Publications; Diane Marsh, Assistant Director,
Public Services and Publications; Melinda Gier, Compliance Officer;
Francetta Carroll, Administrative Assistant; Karen McCumsey, Secretary to
the Chancellor.

Oregon State University--President R. W. MacVicar,

University of Oregon--President William B. Boyd; Robert D. Gilberts, Dean,
College of Education.

University of Oregon Health Sciences Center--President Leonard Laster;
Richard T. Jones, Special Consultant to the President; Mary Ann Lockwood,
Acting Executive Assistant to the President; M. R. Parelius, Acting Vice
President for Administration and Finance; David M. Witter Jr., Director of
Fiscal Services-University Hospital.

Portland State University--President Joseph Blumel; Leon Richelle, Vice
President for Academic Affairs; James Todd, Vice President for Finance and
Administration; Orcilia Forbes, Vice President for Student Affairs;
Michael A. Corn, Legal Assistant to the President; J. K. Harris, Budget
Director; William C. Neland, Director of the Physical Plant; David Gooley,
Executive Assistant to the Vice President for Finance and Administration;
Edward Grubb, Chairman, Marketing Department and Chairman, Educational
Policies Committee; Donald D. Parker, Dean of the School of Business
Administration; George C. Hoffmann, Dean of the College of Social Sciences;
Nihad A. Toulan, Dean of Urban Affairs; S. John Trudeau, Dean of the
College of Arts and Letters; Stanley E. Rauch, Dean of Graduate Studies
and Research; Bernard Ross, Dean of the School of Social Work; Jack S.
Schendel, Dean of the School of Health and Physical Education; Frank
Rodgers, Director of the Library; Mary K. Kinnick, Director of Institutional
Research; Richard Detwiler, Development Officer; Robert Watrus, Information
Meeting #451

September 29, 1978

Services; Gerald F. Blake, Assistant Professor of Urban Studies; Robert L. Black, Jr., Assistant Professor of Accounting; David H. Newhall, Professor of Philosophy; Barry Savage, SIS Coordinator; Marilyn Engdahl, Portland State University Administrative Coordinator for American Association of University Professors; Donald Moor, Associate Professor of Philosophy and American Association of University Professors Representative.

Oregon College of Education--President Gerald Leinwand; Ronald Chatham, Assistant to the President.

Eastern Oregon State College--President Rodney A. Briggs.

Southern Oregon State College--President James K. Sours; D. E. Lewis, Dean of Administration; Ernest E. Bttlich, Dean of Academic Affairs.

Oregon Institute of Technology--President Kenneth F. Light; John Smith, Assistant to the President; W. M. Douglass, Dean of Administration.

Others--T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Melissa Morse, Executive Assistant, FORE; Wallace McCrae, member, State Board of Education; Les Morton, Student Body President, Portland State University; Molly Smith, Legislative Coordinator, Oregon Student Lobby.

The Board voted to dispense with the reading of the minutes of the regular meeting held on July 28, 1978, and the special meetings held on August 8, August 9, and August 25, 1978, and to approve them as previously distributed. The following voted in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

The Chancellor reported that enrollment figures for fall term would be more complete within the next few days and would be distributed to Board members and others at that time. Early enrollment figures at this time seem to indicate that actual final enrollments will be slightly below the budgeted estimate but not enough to be of concern.

The Chancellor said from the evidence available it would appear that the Executive Department budget would not be modified significantly under any one of the three possible results of the November election--the passage of either Ballot Measure 6 or 11, or the defeat of both. He explained that the guidelines for budget development in the Executive Department are based upon the Legislative proposal, Ballot Measure 11, which calls for a transfer of $500 million to local government as an offset against reduced property tax collections. In the event Ballot Measure 6 passes, there is no mandated transfer but there is a significantly higher reduction of local property tax collections. It is probable that the Executive Department Budget would include a proposal to transfer approximately the same amount of money that would be transferred under Ballot Measure 11. The Chancellor said it could be assumed that at least in the initial budget proposal and in the development of the budget for higher education, there would be no substantial difference. In the event neither one passes, there has been a fairly clear message transmitted and therefore it could be anticipated that there would be an effort to offset property taxes through the transference of General Fund monies to local government, probably at a similar level.

The Chancellor said two principal spending limits are incorporated in Ballot Measure 11. The base budget on which the budgets are to be calculated will be rolled back to 95% of the expenditure level of General Fund monies for 1977-1979. In addition, the limit on growth will be no more than the
personal income increase during the two immediately preceding calendar years. If these two limits are translated into a single percentage that could be applied to the current General Fund expenditures by multiplying .95 times the growth of personal income which is estimated to be in the vicinity of 25% over these two years, the approximate growth would be at a maximum level of 18.75%. The Chancellor said that the budget requires some flexibility to meet unforeseen needs and also to the salary adjustment proposals which are still to be negotiated. The principal guideline from the Executive Department to the budget analysts is that no agency may have a recommended budget in excess of the 1977-1979 expenditure limit. This percentage means a cut of no less than $14-15 million in the education and general services budget request for higher education. The Chancellor said that in analyzing the budget for this biennium, the program improvements which the Board adopted are sufficiently important that the elimination of this amount from the budget request would impose some very severe limits on the State System.

The Chancellor said the expenditure limit is a limit on state government as a whole, not on each agency of state government. Thus, if it were decided that a particular activity in state government is more important than some other activities, it would be possible for the 115% to be modified upward. However, the same logic could cause it to be modified downward. He said there is an additional hazard because the 115% guideline is based upon the assumption that there will be sufficient income to the General Fund from the income tax and other forms of taxation contributing to the General Fund, that the mandated property tax relief could be funded, plus maintaining the level of basic school support, and also the 115% in base budgets.

The Chancellor concluded by saying that the expenditure limitation imposed by Ballot Measure 11 would be no more, in the long run, than the growth of personal income in the preceding two years. During the past decade, the Department of Higher Education has lived well within that guideline. The number of dollars of the state's personal income devoted to the Department of Higher Education ten years ago compared to the number devoted now shows a 16% reduction in the dollars out of personal income devoted to the support of the Department of Higher Education.

Mr. Wyss said that ten years ago the average Oregonian was being taxed $8.78 for each $1,000 of earned income to support the Department of Higher Education. In this biennium, it is expected that the tax would be $7.29 for each $1,000 of earned income. Meanwhile the enrollment has gained 30%. When these two figures are combined, the cost of educating a single student has declined 37% for Oregon taxpayers during the last ten years.

The Chancellor said it should be noted also that how one arrives at the number of dollars of personal income depends upon what is included and the figures cited by Mr. Wyss make the assumption that only education and general services are included. When statewide public services are added, the figures just go up, but the differential remains the same.

Site Development Plan for Institute of Marine Biology, UO (Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the site development plan for the Institute of Marine Biology at Charleston, prepared by the staff of the University of Oregon, be approved for use as the basis for programming the gradual improvement and/or replacement of the facilities of the Institute over a period of time.
Discussion and Recommendation by the Committee

In response to a question during the discussion it was indicated that all marine sciences installations are coordinated through the Interinstitutional Commission on the Marine Sciences.

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

Board Discussion and Action

Mr. Moore reported that he had visited the Oregon Institute of Marine Biology and encouraged anyone who is in the Coos Bay or Charleston area to stop and see some of the very worthwhile things that are being done in a very special environment. He said the site development plan represented an excellent long-range plan. Mr. Moore especially urged approval of the first phase of the proposed site plan when it is presented for consideration at some future time. He then moved that the Board approve the site development plan in accordance with the Committee recommendation.

In response to a question, Dr. Romney said the Interinstitutional Commission on Marine Sciences had been established to provide advice and counsel on marine science programs. The Commission reports annually to the Board and reviews any plans for improvement of the programs at either Newport or Charleston and makes recommendations with respect to such plans.

Mr. Wyss asked when it was anticipated the site development plan would be fully implemented.

Mr. Hunderup responded that the long-range development plan would be at least a 20-year program for replacement of facilities. He said some of the buildings acquired from the Coast Guard were in excellent condition and would be maintained as a part of the total ultimate development. The buildings that are being replaced are very shabby buildings that have long ago outlived their amortized life. The program for replacement is intended to maintain the informal atmosphere for instruction and the interrelationship of living and teaching experiences. It also recognizes that people are at the site for short periods of time in small groups.

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

Staff Report to the Board

Officials of the University of Oregon have filed with the Board's Office copies of a draft of the Site Development Plan for the Oregon Institute of Marine Biology at Charleston. The preface indicates that "In addition to a brief description of the site and the academic program offered there, the report describes the environmental conditions affecting development opportunities, outlines fundamental considerations that need to be accounted for in designing site improvements, and suggests a possible scheme for sequential site development." It states further that although the "plan does not answer all of the questions that will need to be answered as proposals for improvement of the site are advanced, nor does it decide all of the issues that will need to be resolved as the needs for specific developments arise," ...it "is intended to serve as an explanation of the fundamental precepts which are to be acknowledged in undertaking development of the Institute's grounds, and to provide a framework within which development policies can be applied consistently over a sustained period of time."
The Institute of Marine Biology is administered through the Graduate School of the University of Oregon. Along with other marine science programs, it is reviewed on an annual basis by the Interinstitutional Commission on Marine Sciences that reports to the Board through the Committee on Instruction, Research, and Public Services.

The site of the Institute contains approximately 85 acres donated to the Board by the federal government and private individuals. Improvements include structures obtained from the United States Coast Guard as well as a number of buildings constructed for a Civilian Conservation Corps winter camp in 1936. Altogether, there are sixteen building units generally clustered along the edge of the Coos Bay estuary immediately adjacent to the Port of Coos Bay's small boat basin in Charleston. The majority of the land is zoned "natural reserve" in Coos County's comprehensive land use plans for the area and it is planned to retain most of the land in its natural state as a laboratory for ecological study as well as for the protection of the fragile soils.

The program of the Institute centers largely around teaching (both undergraduate and graduate) and research, with the heaviest concentration of undergraduate instruction in the summer term when approximately 100 students are in attendance. There is space within Institute housing for approximately 58 students, so the remainder live elsewhere in the community. During the fall and spring quarters, about 30 to 40 students are in attendance and all of them live on the Institute grounds. Inasmuch as there are no undergraduate classes there during the winter quarter, the principal activity centers around graduate and faculty research, but the dormitories and food service facilities are made available to various school groups throughout the state for field trips or other short-term rentals. The Institute also serves as a source of supply of marine materials for use at the inland campuses of Oregon and elsewhere.

A portion of the site is utilized by the Department of Fish and Wildlife and the staff of the Institute cooperates with the personnel stationed there as well as with those involved with the recent establishment of the South Slough Estuarine Research Sanctuary, the 4,500-acre marine reserve adjacent to the Institute which has been purchased with federal and state funds for education and research on the estuarine ecosystem.

Sections of the Site Development Plan detail the environmental conditions of the Institute property, including physiography, soil types, slopes, vegetation, hydrology, climate, wind penetration, etc. Other sections describe the conditions of the present facilities, vehicular and pedestrian traffic circulation patterns, open spaces and potential building sites, concluding with the conceptual plan for phased development.

The sequence of construction and remodeling may be summarized briefly as follows:

**Phase 1** - During the current biennium, if sufficient resources can be made available, a new maintenance shop would be constructed adjacent to the existing administration building. The present shop would be used temporarily as a library, releasing space in the administration building for additional staff offices.

**Phase 2** - The capital construction requests for 1979-1981 anticipate the construction of two or three 8-person dormitory units adjacent to the Fish Commission building. The eastern portion of the present dormitory 18 would be razed to clear the site for a new research building in this same period.
Phase 3 - A new classroom/laboratory and chemical storage building would be constructed immediately east of dormitory 40. Following the demolition of the present laboratory west of the kitchen, two or three staff residences would be constructed.

Phase 4 - The staff residences adjacent to the caretaker's home would be removed to clear the site for two 2-story dormitory structures, each housing 16 persons. Upon completion of these new units, dormitory 40 and the algae laboratory would be demolished to allow room for two new classroom/laboratory structures. These facilities should provide room for electronics and chemical storage as well as spaces for two 5-foot diameter specimen holding tanks.

Phase 5 - Following the demolition of the laboratory adjacent to the new staff residences programmed within Phase 3, two or three additional staff residences would be constructed. Upon their completion, the residences west of the new maintenance shop would be removed, making room for the construction of a new residence for the caretaker on that site. Also during this period, the remaining portion of dormitory 18 would be razed to make room for a new library. Space vacated by the library would be converted for use for meetings and conferences. Parking facilities to serve the most public portion of the site would be improved at this same time.

Phase 6 - This final phase would involve the construction of two additional dormitories of similar design and capacity adjacent to the units programmed in Phase 4. The old dining hall would be demolished, and a new dining hall/lounge/laboratory would be constructed along with the realignment of the existing parking area.

The report indicates that the precise timing of this sequence of development will depend to a great extent upon the occurrence of new program interests and needs and the availability of funds. However, the sequence also needs to account for the necessity of maintaining program continuity while change is occurring. The primary focus of the phasing scheme places priority on new housing for students and the development of additional laboratory/research space. These priority considerations are based upon (1) the structural condition of various existing buildings and (2) the academic program needs of the Institute. It will be noted that the proposed schedule recognizes a degree of interdependency between the removal or demolition (either in whole or in part) of the existing buildings and the new construction. In most situations, the function housed in a structure to be removed has been relocated to a new structure previously built in an area that is unobstructed by an existing building. (For example, in Phase 1; the new maintenance shop would be built on unoccupied land adjacent to the administration building. Once this construction is completed, the library could occupy the old shop space, and in turn, the old library space in the administration building could be converted to office use.) An exception to this pattern of demolition and development would occur in the final phase when the replacement of the dining hall on the same site is recommended. Timing would be critical in order to avoid or minimize the interruption of food service during periods of greatest student activity at the Institute.

The report comments that "There is a spirit of community that has developed at Charleston which is of great benefit to the teaching and working activities of the students and staff at the Institute of Marine Biology. This special character is of great value and seems to result from a certain mix of size, scale, isolation, variety of activities, and personnel." It is important that this character be protected, maintaining a close relationship between the
teaching, sleeping, eating, research and other activities that go on at the Institute. The recommended phasing plan is intended to achieve these objectives, permitting the Institute to continue its operation in much the same way and in the same place as it operates now, but with physical facility improvements that would accommodate its programs in a much more efficient, effective and comfortable manner.

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the appropriate Board officials be authorized to proceed with the soliciting of bids and the awarding of a contract for the construction of sanitary sewer service connections for facilities at the University of Oregon’s Institute of Marine Biology, Charleston, within a revised expenditure limitation of approximately $80,000, financed from the following resources, subject to Emergency Board approval:

Allocation from Board’s reserve for physical plant rehabilitation and minor capital outlay in 1976-77 for initial planning

$5,000

Allocation from state funds authorized for Phase II of the program for the correction of safety deficiencies in 1977-1979:

<table>
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<th>Description</th>
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<tr>
<td>General Fund appropriation</td>
<td>$17,500</td>
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<tr>
<td>Article XI-G bond proceeds</td>
<td>17,500</td>
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<tr>
<td>Subtotal (applicable to the educational and general plant)</td>
<td>$40,000</td>
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<td>Article XI-F(1) bond proceeds and/or balances from housing operations at the University of Oregon</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$80,000</strong></td>
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Discussion and Recommendation by the Committee

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

Board Discussion and Action

In response to a question during the discussion, Mr. Hunderup indicated the assessment by the Charleston Sanitary District is in the nature of a systems development charge.

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

Staff Report to the Committee

On January 27, 1978, the Board approved a tentative budget of $66,000 for the planning and constructing of the proposed sanitary sewer connection of the University of Oregon’s facilities at the Institute of Marine Biology, at Charleston, with the recently installed municipal service. It was indicated that drawings and specifications for this work were being prepared by UMA Engineers, Inc., Portland, who had been commissioned earlier for the initial study.
Following the completion of the bid documents, it became apparent that some adjustment was required in the direct construction cost estimate and that the project budget would also need to include a connection charge of $7,000 by the Charleston Sanitary District, thus increasing the estimated expenditure requirements from $66,000 to the revised total of $80,000. The bid documents conform to the preliminary plans reviewed on December 16, 1977, with the Committee on Finance, Administration, and Physical Plant except for the addition of three manholes and the relocation and reconstruction of a previous sewer connection for the Fish Commission building on property at the Institute.

In lieu of financing a portion of the project cost from the Board’s reserve for physical plant rehabilitation and minor capital outlay, except for the amount of $5,000 allocated in 1976-77 for the initial planning costs, it is recommended that the expenditure applicable to the educational and general plant portion (for the instructional and research facilities) be charged against the state fund resources made available by the 1977 Legislature for the Phase II program for the correction of safety deficiencies. The remaining requirements, namely those applicable to the dormitories and other housing facilities at the Institute, would be financed from Article XI-F(1) bond borrowings and/or balances available to the University of Oregon from sinking fund reserves from student housing operations. These expenditures would be identified with the program for the correction of safety deficiencies also, but would be subject to Emergency Board authorization inasmuch as no provision had been made by the 1977 Legislature for safety corrections for auxiliary enterprises at the University of Oregon.

Staff Recommendation to the Board

It was recommended that the design development phase of planning for the proposed addition and alterations to the College of Education Buildings at the University of Oregon, as prepared by Architects Martin/Soderstrom/Matteson, Portland, be approved as the basis for the construction documents, bidding and contract award within the expenditure limitation of $1,810,000 approved by the Board and the 1977 Legislature. These plans reflect significant reductions in the scope of work, particularly of proposed remodeling, contemplated when the schematic design phase of planning was reviewed and approved by the Board on May 26, 1978.

Board Discussion and Action

Mr. Batiste said he noted the staff had taken cognizance of the concerns raised with respect to the escalation of costs and the reduction of projects to stay within the estimated amount. However, several proposals do have elements both of reduced work to meet bid costs and also increased budgets. He said he was somewhat uneasy with the process of making adjustments before the bids were received and asked Mr. Hunderup to explain the soundness of this procedure.

Mr. Hunderup said if it is reasonably certain that the total program cannot be achieved, it is necessary to anticipate sufficient reductions to bring this project within the expenditure limitation because he was not prepared to go to the Board or to the Emergency Board to request an increase in the expenditure limitation for it. However, when subsequent phases of planning differ substantially from the plans previously approved by the Board for a project, it is necessary to seek authority from the Board to accept the revised plans.

Mr. Batiste asked what procedures had been instituted to obtain better estimates.
Mr. Hunderup said most of the bid activity had been accomplished prior to the last meeting at which concerns were expressed. Since that time, it has been emphasized to architects working on projects that more precise, detailed cost estimates were essential, based upon the components of the jobs rather than the average cost per square foot. If consulting advice from professional cost estimators is required, the architectural firms have been requested to indicate any additional fee which would be required.

Mr. Wyss asked whether Mr. Hunderup expected a greater exactitude in making estimates would eliminate the disappointments at the time of bidding, or would bids still come in over the estimates.

Mr. Hunderup said it was not anticipated that bids would come in over the estimate but there may be widely fluctuating prices based upon the individual competition that may be available for a specific project. If it is possible to attract very great interest in a region for a particular project, with good subcontract interest, then the bids will conform more closely to the estimate. However, if there is very little competition, no matter how valid the estimate may be, a contractor may not be able to submit a quotation based on the value of that job, but would be forced to submit one on the sum of all the subbids for that job. Mr. Hunderup said it is very difficult for an architect or engineer to guess what other work the contractors in an area might have at the time of the bid and what the subcontractor interest then might be.

There was some discussion about the possibility of rejecting bids which seemed unusually high in terms of the estimates. Mr. Hunderup said this had been done recently and also in past years.

Mr. Anderson asked how the inflationary factor from the time of the allocation request to the time of the first cost estimate is accommodated.

Mr. Hunderup explained that part of the problem is that the budget request is sometimes formulated two years before the bids actually can be solicited because in some instances the architects have not been appointed. When the architects are appointed, a direct construction cost allowance is established but it is still difficult to anticipate accurately what the construction price index will be at the time the estimates are prepared, perhaps two or three years later.

If it is possible to stay within the expenditure limitation, this will be done, but if the circumstances for a particular project prohibit this, it is necessary to request a change in the expenditure limitation. Mr. Hunderup cited the fortunate situation with the utility improvement project at Southern Oregon State College. The expenditure limitation of $1,145,000 was based on virtually completed working drawings, the bids were received at a favorable time, and the total budget for that work was only $760,000.

Mr. Hunderup said an effort is made on major projects to set the expenditure limitation and tailor the project within that amount. If subsequent phases of planning beyond the schematics show that it is impossible to accomplish the project within the limitation, it is necessary to return to the Board and get a reduction in the scope of the project. He indicated that the inflation factor is included in the explanation of the project costs.

Mr. Batiste asked whether his understanding was correct that once the Board has approved the schematic design and a budget amount, the only available alternatives are to reduce the scope at the time of bidding or to increase the amount allocated for the project.

Mr. Hunderup said that if the bid documents differ significantly from the project which the Board anticipated at the time it approved the schematic design, he was obligated to seek Board concurrence in the changes. A
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project must stay within the originally-approved expenditure limitation, or
the Board must authorize a request to the Emergency Board to increase the
expenditure limitation.

Under the statutes, it is not permitted to obligate any funds appropriated
for capital construction, from whatever source, except for planning purposes,
without the release of those funds by the State Emergency Board. The
amount approved by the Legislature within the capital construction autho­
rization may not be exceeded without prior concurrence of the State Emergency
Board.

Mr. Batiste suggested that the Board should consider the best time to bid
projects and perhaps delay a project until a more favorable time.

Mr. Hunderup said it is important presently to get onto the market as
quickly as possible because construction activity is scheduled in the months
ahead at a tremendously increased pace. When possible, the question of
timing is given serious consideration. Government contracts are not as
attractive as private contracts and competition is likely to decrease for
State System projects when work is plentiful.

Mr. Anderson asked at what point the Board has a chance to look at
alternatives. He said at this point the remodeling on this project has to be
defered, but the Board is unable to determine whether it should accept the
staff recommendation to defer the remodeling or to go to the Emergency
Board for additional funds.

Mr. Hunderup said the Board had that opportunity to decide that question
now. He said past experience would lead him to believe that the chances
were remote of obtaining from the Emergency Board additional funds from
state resources. Over the years the impression has been that the Emergency
Board expects the State System to solve its problems within the total capital
construction program. It would be possible to decide not to undertake one
of the authorized projects and spread those funds to some of the other
projects, but the Board has indicated a preference in the past to proceed
with all projects and get as much as possible for each one. Mr. Hunderup
said the Board now had the opportunity to instruct him to defer this project
if it so desired.

Mr. Anderson said it would be helpful for the Board to know the cost of
the deletions so that it could make a choice about going to the Emergency
Board. Mr. Hunderup said in this instance it would be approximately
$500,000.

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

Mr. Ater said the matter of alternatives has been discussed at various
times. Most of the staff recommendations are presented with a justification
for the recommendation and no explanation of the options that were considered
and rejected by the staff. Sometimes, he said, it would help the Board to
assess the staff recommendation if the alternatives were described.

The Chancellor said this comment would be discussed internally with a view
to being more responsive in providing further background leading to the
recommendation and an identification of the dollar value of other options.

Mr. Ingalls said the Board has indicated that it would prefer to have the
alternatives listed even though the Board action might ultimately support
the staff recommendation.
Staff Report to the Board

As a consequence of more refined cost estimates during the preparation of the design development phase of planning for the proposed improvements to the College of Education facilities complex at the University of Oregon, and in recognition of the dramatic increases in construction costs experienced recently, Architects Martin/Soderstrom/Matteson have assisted institutional officials and the Board's staff in reducing the scope of work in an effort to assure reasonably the receipt of bids within the direct construction cost allowance of approximately $1,368,903 available from the total project budget of $1,810,000 previously approved by the Board and authorized by the Legislature as part of the 1977-1979 capital construction program. Inasmuch as several significant changes have been made or proposed subsequent to the Board's approval of the schematic design phase of planning, the staff is seeking the concurrence of the Board before the construction documents for the project have been completed.

It appears likely that a considerable portion of the remodeling of existing spaces will need to be deferred. Some of this work may be bid as alternates to the basic work, but other portions will be omitted from the construction documents. Areas within the former University High School Building, such as the utilization of "attic" or second floor space in the east wing (which would have provided some additional staff offices) and the proposed renovation of the classroom, office and corridor-lobby spaces at the north and south ends of the first floor, probably will be excluded from the project. Similarly, within the other main building used by the College of Education, major elements of renovation programmed for improved vertical circulation and more efficient and attractive offices have been eliminated or deferred.

Except for the deletion of the skylight from the roof above the teaching laboratories, and a small change in the net assignable area (from 9,055 square feet in the schematic design to approximately 9,426 square feet in the design development phase), the character of the new two-story unit proposed for construction east and southeast of the existing buildings remains quite similar to the earlier sketch. A covered arcade is still proposed for connections with the present structures at grade level. With the reductions in scope of the total project, some programmatic changes were suggested by the user group and incorporated within the plans for the most effective assignment of the spaces for faculty, graduate teaching fellows, and secretarial staff offices as well as the new teaching laboratories, meeting and seminar rooms, service areas, etc.

Pending further refinements upon the completion of the working drawings and specifications, it is difficult to summarize the total areas to be added or altered in the project, but it is apparent that it would not be possible to achieve the program contemplated in the description of the schematic design. Consequently, the scope of work is being reduced in an effort to correspond with the project budget constraints.

RECAPITULATION UPON COMPLETION OF DESIGN DEVELOPMENT PHASE OF PLANNING

Project - UO College of Education Addition and Alterations

Architects - Martin/Soderstrom/Matteson, A.I.A., Portland

Board's priority - No. 4 in 1977-1979 (Educational and General Plant)

Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated total project costs $1,810,000
Meeting #451

Building and Financing Plans for Facilities for Clinical Laboratory Mini-Computer, UOHSC

Estimated areas:

<table>
<thead>
<tr>
<th>Description</th>
<th>Area (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New addition:</td>
<td></td>
</tr>
<tr>
<td>Basic unit - enclosed space</td>
<td>13,283</td>
</tr>
<tr>
<td>- covered exterior space</td>
<td>3,590</td>
</tr>
<tr>
<td>Subtotal</td>
<td>16,873</td>
</tr>
<tr>
<td>Connector (arcade)</td>
<td>1,665</td>
</tr>
<tr>
<td>Total</td>
<td>18,538</td>
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<tr>
<td>Assumed equivalent gross sq. ft.</td>
<td>15,910</td>
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<tr>
<td>(using 50% of covered exterior</td>
<td></td>
</tr>
<tr>
<td>space and of connector)</td>
<td></td>
</tr>
<tr>
<td>Remodeling of offices and toilet</td>
<td>1,455</td>
</tr>
<tr>
<td>rooms</td>
<td></td>
</tr>
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</table>

Estimated direct construction costs:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New addition, including connector</td>
<td>$1,052,095</td>
</tr>
<tr>
<td>Average per sq. ft. (based upon area of 15,910</td>
<td>$66.13</td>
</tr>
<tr>
<td>sq. ft.)</td>
<td></td>
</tr>
<tr>
<td>Remodeling (excluding correction of safety</td>
<td></td>
</tr>
<tr>
<td>deficiencies)</td>
<td></td>
</tr>
<tr>
<td>Site work, including ramps, walks, bike shelters,</td>
<td></td>
</tr>
<tr>
<td>landscaping, etc.</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,368,903</td>
</tr>
</tbody>
</table>

Tentative schedule:

- Bidding - November 1978
- Completion - September 1979

Tentative financing plan:

- General Fund appropriation - $905,000
- Article XI-G bond proceeds - $905,000
- Total - $1,810,000

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the drawings and specifications prepared with the assistance of the SRG Partnership, P.C., for proposed facilities for the accommodation of a mini-computer at the Clinical Laboratory Building of the University of Oregon Health Sciences Center be approved and that subject to the concurrence of the State Emergency Board, the appropriate Board officials be authorized to solicit bids and award contracts for the construction of these facilities within an expenditure limitation of approximately $250,400. It was also recommended that the total project budget, plus the amount required for the two-year sinking fund reserve, be financed from proceeds from the sale of bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution. It is expected that the debt service on the bonds would be provided from hospital and clinic fees and charges.

Discussion and Recommendation by the Committee

Mr. Hunderup said the proposed project has a relationship to a much larger program involving data processing equipment for the University of Oregon Health Sciences Center.

Mr. Hunderup emphasized that a substantial portion of the project cost applied to transformers and lineal cable for remote terminals.

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

September 29, 1978
Meeting #451

September 29, 1978

Board Discussion and Action

In response to questions during the discussion, it was indicated that much of the expenditure would be for a transformer cable, and other things which would be used at the end of the six-year period.

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

Staff Report to the Committee

Officials of the University of Oregon Health Sciences Center have proposed that a mini-computer be acquired and installed at the Clinical Laboratory Building for the processing of patient data such as laboratory tests and reports. To provide the space required for this equipment and the personnel associated with its operation, a pre-engineered building measuring approximately 12 feet by 48 feet would be placed on the roof of the Clinical Laboratory Building. Poured-in-place concrete foundations to support this unit would be tied structurally into the existing concrete roof deck. The building addition would be constructed of wood floor joists, plywood subfloor, and wood stud and roof rafter framing system. Exterior finishes would be pre-finished metal siding and roofing. The building interior, including wall finishes and acoustical panels, a suspended lay-in acoustical tile ceiling, access floor and interior doors would be installed on the site.

Mechanical systems would include two package-type computer air conditioning units. Heating, ventilation and cooling loads (other than the computer space requirements) would be handled by a package rooftop unit located exterior to the addition and would use domestic water from existing building service located on the ground floor. A Halon system would be provided for fire protection. Ionization and smoke detectors would be installed in the computer space and below the access floor. Electrical service would be connected to a new distribution board to be located in the ground floor mechanical room. As part of the project, new transformers would be added to accommodate the increased load requirements.

The project would also include the installation of approximately 30,000 feet of low voltage cable to remote computer terminal locations. To the extent possible, this cable would be routed in chase spaces and above ceilings to various locations within the Research Building, Mackenzie Hall, Baird Hall, the Clinical Laboratory Building and Outpatient Clinic, and University Hospitals North and South.

Based upon the planning undertaken with the assistance of the SRG Partnership, P.C., Portland, architects, and their engineering consultants, the expenditure requirements for the direct construction costs are estimated to be approximately $203,000. The total project budget is estimated to be $250,400.

The City of Portland has granted a conditional use permit for the proposed facilities on top of the three-story Clinical Laboratory Building for a maximum of six years. During this same period of time, it is expected that the indebtedness incurred for the construction (through the use of self-liquidating bond proceeds) will have been amortized from hospital and clinic fees and charges.

On June 23, 1978, in connection with the adoption of a resolution for the sale of Series 1978D bonds, the Board was advised that a portion of the proceeds would be used to finance the proposed alterations to the Clinical Laboratory Building at the University of Oregon Health Sciences Center. Inasmuch as these bonds were sold on August 8, 1978, the proceeds are available for expenditure on approved projects which meet the requirements of self-support and self-liquidation contemplated by the provisions of Article XI-F(1) of the Constitution.
In order to provide resources sufficient to cover the two-year debt service requirement applicable to self-liquidating bond borrowings, in the absence of other balances which might be used for such purpose, it is proposed that Article XI-F(1) bond proceeds be allocated by the Controller. The interest earnings on the amount reserved for debt service should be adequate to offset the applicable interest expense. As noted, institutional officials expect that the retirement of the debt incurred for construction would be accomplished from the application of hospital and clinic income within a period of approximately six years.

Revised Cost Estimate and Financing Plan for Alterations to Campus Services Building for Hospital Computer Services, UOHSC

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the estimated expenditure requirements for the proposed alterations to the Campus Services Building for the accommodation of the hospital computer service at the University of Oregon Health Sciences Center be increased from the amount of $350,000 approved by the Board on November 18, 1977, to the revised sum of $390,323, and that the full amount thereof, plus the amount required for the two-year sinking fund reserve, be financed from proceeds from the sale of bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution. It is expected that the debt service on the bonds would be provided from future hospital revenues over a period of approximately six years.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

Mr. Hunderup indicated that the request to the Emergency Board for $350,323 had been approved on September 10, 1978.

Mr. Wyss questioned the advisability of submitting so many requests to the Emergency Board. Mr. Hunderup explained that the only way this could be avoided would be through a change in the law which requires that prior concurrence be obtained from the Emergency Board before spending funds authorized for various projects. Mr. Hunderup said the $40,000 authorized previously by the Emergency Board had applied to the demolition work required in anticipation of the larger project. The Emergency Board had authorized proceeding with the project, but formal approval was necessary from the Emergency Board to use the Article XI-F(1) bond proceeds to finance the project.

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

Staff Report to the Committee

On November 18, 1977, based upon the recommendation of the Committee on Finance, Administration, and Physical Plant, the Board approved the conceptual studies for alterations to a portion of the fifth floor of the Campus Services Building (formerly identified as the University Tuberculosis Hospital) for the proposed hospital computer service facilities and authorized a request to the Emergency Board for the expenditure of state funds of $350,000 for this purpose. Subsequently, at the March 24, 1978, meeting, the Board was advised that the Emergency Board had deferred action on the request pending the development of an alternate financing plan involving
"Article XI-F(1) bond borrowings or other resources available to the Department of Higher Education, on a fully self-supporting basis...." Authorization was obtained from both Boards to proceed with certain demolition work within a limitation of $40,000 financed from hospital operating funds from patient fee income pending the approval of a financing plan for the complete alterations project.

On June 23, 1978, in connection with the adoption of a resolution for the sale of Series 1978D bonds, the Board was advised that a portion of the proceeds would be used to finance the proposed alterations to the Campus Services Building at the University of Oregon Health Sciences Center. These bonds were sold on August 8, 1978, so the proceeds are available for expenditure on approved projects which meet the requirements of self-support and self-liquidation contemplated by the provisions of Article XI-F(1) of the Constitution.

The working drawings and specifications for the alterations work are now being completed by the project architects, the SRG Partnership, P.C., Portland, and bids are expected to be received within the near future. Based upon revised estimates compiled by the architects and their consulting engineers, it appears likely that the direct construction costs will be $293,177, including the demolition contract of $25,177 now in progress, and that the total expenditure requirements for the project will be $390,323. The scope of work conforms generally with that described when the conceptual studies were approved, but there have been minor modifications as a result of more detailed analysis of the existing structure and the specific requirements for the computing equipment selected as the replacement for the existing NCR 201 system. The area involved in the remodeling measures approximately 3,200 square feet on the fifth floor and about 510 square feet on the sixth floor. The work would include new wall finishes, suspended ceilings, an access flooring system in the computer areas, and mechanical and electrical systems to meet the requirements for the computer and support spaces. For fire protection, a Halon system would be provided. Ionization and smoke detectors would be installed within the computer space and below the access floor. Appropriate alarm and warning systems would be incorporated with the detection devices.

A request is being presented to the Emergency Board for the additional expenditure authorization of $550,323 to supplement the earlier limitation of $40,000 which was approved for the related demolition work, thus acknowledging estimated total costs of $390,323 as noted above.

In order to provide resources sufficient to cover the two-year debt service requirement applicable to self-liquidating bond borrowings, in the absence of other balances which might be used for such purpose, it is proposed that Article XI-F(1) bond proceeds be allocated by the Controller. The interest earnings on the amount reserved for debt service should be adequate to offset the applicable interest expense. As indicated, institutional officials expect that the retirement of the debt incurred for remodeling would be accomplished from the application of hospital revenues within a period of approximately six years.

Lease and Other Arrangements for Shriners Hospital for Crippled Children on Campus of UOHS

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the appropriate Board officials be authorized to execute a lease and other contractual arrangements with the Shriners Hospitals for Crippled Children to facilitate their construction and operation of a new 40-bed children's orthopedic hospital on the campus of the University of Oregon Health Sciences Center.
Discussion and Recommendation by the Committee

Acting President Jones introduced Mr. Albert Holmes, Chairman of the Board of Governors in the Shriners Hospital in Portland, and Mr. David Johnson, Chairman of the Building Committee responsible for developing plans for the hospital project.

Mr. Perry referred to the reduction in the number of hospital beds and asked whether there was a change in philosophy involved in the proposal.

Dr. Jones said the organization plans to continue to provide care for crippled children but intends to add a measure of research to its activities. It is necessary to be more closely associated, both in program and geographically, with base centers that have research activities in order to benefit from that "critical mass."

Mr. Holmes said the present 60-bed hospital was built in 1924 to care for crippled children. At that time, polio victims had long hospital stays, averaging 100-120 days. Now the average hospital stay is 12 days due to the increased efficiency of medical staff in treating children and returning them to their homes for post-operative recovery. The majority of the children come from Oregon, although there are patients from other western states and elsewhere. The present plan is to continue to treat those children that require care, but at the same time to inaugurate a major thrust for preventive research.

Dr. Jones indicated there would be mutual benefit to having the new Shriners Hospital close to the University of Oregon Health Sciences Center. In addition to cooperation in research, the Shriners Hospital will benefit from having the facilities of the Health Sciences Center available for special surgery or special, acute problems that may occur. These services will be provided as they have been in the past. The programs of the University of Oregon Health Sciences Center will benefit because the new hospital-clinic facility will be available for educational programs with training in new, modern facilities. Faculty will be able to participate in the teaching programs. The proposed facility will directly influence and support the educational mission and provide a unique special area of clinical service. The geographical location permits greater involvement in a program compatible with the health care mission of the University of Oregon Health Sciences Center. The Shriners organization will build the hospital, maintain and support it, and provide the financial base for the health care programs and support a substantial amount of the research activities as well.

In response to a question, Dr. Jones indicated that the University of Oregon Health Sciences Center does not purchase services directly from the Shriners hospital but would enter into affiliation agreements for the use of their facilities in the educational program.

There was extensive discussion of the financial implications of the arrangement in view of the request to the Emergency Board for additional funds to meet the workload requirements at the University of Oregon Health Sciences Center.

It was indicated that the new facilities would enable the Shriners Hospital to do more complex surgery and thus increase the use of that facility by the University of Oregon Health Sciences Center. Dr. Jones said the services which would be purchased by the Shriners Hospital have been reviewed by the University of Oregon Health Sciences Center in terms of capacity to handle the added volume and the effect on the unit cost. It has been concluded that the increased load on the service units could be absorbed and that the unit costs would be reduced. It is understood that all of the cost for the services would be paid by the Shriners organization and the state would not be underwriting any of the services provided to the Shriners Hospital.
In terms of the budgets for the care of patients through the Crippled Children's Division, the impact of the change in locating the hospital has not been analyzed. However, the change would allow the Shriners Hospital to increase the kinds of services provided and funded. Thus, it should reduce the demands on the Crippled Children's Division to provide these services through other clinical facilities.

Mr. Hunderup said the rationale for supporting the project is the program aspect rather than the financial aspect. There is an educational and research benefit to the University of Oregon Health Sciences Center and the State of Oregon.

President Perry said it would appear that the cost factors would not be any greater than the cost involved in the present arrangements but the program advantages would be improved considerably.

Dr. Jones explained that the location for the proposed hospital was selected to allow convenient access to the surgical unit in the north wing of University Hospital North. He indicated it would be convenient if the new hospital could have easy access to the Crippled Children's Division because the health care occurs at both places. However, access to the facilities in University Hospital North and the traffic patterns for suggested sites favored the proposed location.

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, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

Officials of the University of Oregon Health Sciences Center have advised the Board's Office that the Shriners Hospital for Crippled Children, a Colorado corporation, proposes to replace the present 60-bed children's orthopedic hospital in northeast Portland with a 40-bed facility on the Marquam Hill campus. The site suggested for the new building is along S. W. Sam Jackson Park Road directly east of University Hospital North on land presently occupied by Katherine Hall, the former physical plant service unit for Multnomah Hospital but now used for the University Hospitals' fiscal services administration, x-ray and materials supply storage, utility connections and a small physical plant shop. The Board's capital construction program requests for 1979-1981 include the estimated expenditure requirements for the replacement of these facilities in Katherine Hall from gift and grant funds to be provided by the Shriners organization.

According to the plans now being developed with the assistance of Boles, Maguire and Hoch, Architects, Portland, it is expected that the new hospital would be constructed as a four-story building above three levels of parking accommodating approximately 120 vehicles. In addition to its 40-bed capacity, it would provide approximately 20,000 square feet of research space. A connector would extend from the hospital to the east wing of University Hospital North to permit the transfer of patients between the two units.

By means of a formal affiliation agreement, the Shriners would make available the new hospital facilities for the teaching of medical and nursing students and for the training of residents in orthopedic surgery and other pediatric and medical specialties. Research programs would be undertaken cooperatively with investigators at the Health Sciences Center. Proximity to the Center would be of mutual benefit in health education, health care research and patient care services to orthopedically disabled children,
avoiding duplication of costly specialized facilities, equipment and other resources for diagnosis and treatment. Furthermore, it would obviate the inconvenience and expense now caused by transferring patients and specimens considerable distances between the existing Shriners Hospital and other diagnostic and health care facilities in the community.

The proposed Shriners Hospital would purchase from the Health Sciences Center various x-ray services and those of the clinical laboratory, pharmacy, engineering, laundry and occupational therapy. Because of the greater volume of such services, unit costs should be lower for both parties. An additional benefit to the State would accrue from the pooling of Shriners Hospital patients with those of the University Hospital and Clinics and with the Crippled Children's Division. In this regard, it should be noted that the stated "objective of the Shriners Hospitals for Crippled Children is to provide treatment for crippled children irrespective of the child's race or creed, and without charge to the patient's family or guardian."

It is expected that the lease arrangements would be for a period not exceeding 99 years. All costs of construction of a new building would be paid by the Shriners Hospitals for Crippled Children, including the removal of Katherine Hall and the replacement of functions and utility services which would require relocation. Drawings and specifications for the new facilities would be subject to review and approval of institutional officials and the Board's staff prior to the awarding of a construction contract to assure that the design and materials are appropriate for the campus. The lease would not be assignable without mutual consent, but could be terminated by the State if construction of the hospital did not proceed before a specified date or upon breach of the terms. Upon expiration or termination of the lease, title to the building and other improvements would be vested in the State. No monthly or annual rental would be paid, but reimbursement would be provided for services furnished. The specific terms, conditions and form of the lease would be subject to approval by the Board's attorney before it is executed.

Genetics Grant Application, Crippled Children's Division, UOHSCE

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present---Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board of Higher Education approve the submission of a federal grant proposal which would supplement the Genetics Program operated by the Crippled Children's Division, and, that the proposal be submitted for review by the State Emergency Board.

Discussion and Recommendation by the Committee

In response to a question concerning funding, it was indicated that there would be no further obligation to continue the program if federal funds were no longer available. The program would have provided valuable educational services and genetic information for the period the funds were provided.

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, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.
Staff Report to the Committee

Under the Board’s policy, grant proposals which expand the expectation for services and could lead to State General Fund support after termination of the grant require prior approval by the Board of Higher Education and the State Emergency Board.

The Crippled Children’s Division has applied for a federal grant of $219,616, subject to approval by the Board, to bolster its genetic program. Public Law 94-278, recently enacted Federal legislation, enables competitive grants to states on a statewide and regional basis. To augment the current genetics program this grant request has the following goals:

1) To enlarge educational opportunities for residents of this region (Oregon, Idaho and southwestern Washington) both lay and professional, to learn about genetic diseases, their prevention and management;

2) To provide broad based non-categorical, readily accessible genetic diagnostic, counseling and referral services to a greater proportion of the residents in Oregon and the adjacent regions;

3) To plan for improved regional coordination of educational and clinical service programs for medical genetics in the Pacific Northwest.

The Health Sciences Center endorses this proposal for the following reasons:

1) It helps support a primary prevention program that has had to curtail some of its services as a result of recent fiscal problems of the CCD.

2) It will increase the capabilities for the teaching of clinical genetics to students at Health Sciences Center.

3) It will provide a broader base from which research opportunities might be derived.

This program is not viewed as one that would provide new services but since it is one that would make services somewhat more accessible, the proposal is submitted for review by the State Board of Higher Education and is to be submitted to the Emergency Board.

The proposal at this time has not been approved; therefore, the budget and personnel projections can only be tentative. At this time the proposal requests three academic positions and 3.5 classified positions within a first year budget of $219,616. Continuation of the program is expected to be funded through annual federal grant sources.

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board of Higher Education approve a grant application by the Crippled Children’s Division to develop model agreements that will facilitate interagency collaboration in providing education and health services for handicapped children, and, that the proposal be submitted for review by the State Emergency Board.
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, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

This proposal for a federal grant application falls within the Board’s policy of review and approval prior to submission since it includes demonstration clinics in local communities which could expand the expectation for services to be State General Fund supported when the grant terminates. First year funding of $102,280 is proposed, with two additional years intended through annual continuation grants.

The Crippled Children’s Division of the University of Oregon Health Sciences Center is one of five state Crippled Children’s programs that has been invited to submit a supplement to its State Plan for Crippled Children’s Services to develop model agreements that will facilitate interagency collaboration of education and health services for handicapped children. The passage of P.L. 94-142 which provides for appropriate public education for all handicapped children and related services has brought to light areas of duplication and a lack of coordination in providing services to the handicapped children. In order to avoid such duplication and to better coordinate these services, CCD has submitted, subject to Board of Higher Education and State Emergency Board approval, a supplement to its State Plan for Crippled Children’s Services and requested additional funding to support this activity in the amount of $102,280 for the first year. The regional office of the Public Health Service has indicated to the Crippled Children’s Division that funding is available for this purpose for a three-year budget.

The majority of the funding for this study will pay staff and supporting costs for the development of inter-agency agreements and for developing and holding seminars and workshops for educators on how to deal with the handicapped student population. There is a small amount (approximately $12,000) that will be used to support demonstration clinics in the communities of Pendleton, Corvallis, Roseburg, Bend, Astoria, Klamath Falls, Coos Bay and Ontario. This is not a new function of CCD and such clinics are currently being held in Pendleton, Corvallis, Medford, and Roseburg. If the patients were not seen in these clinics in the local communities, they would still be seen at clinics in Portland, Eugene, or Medford where CCD holds regularly scheduled clinics. The advantage of holding the clinics in local communities is that local health and educational professionals are involved in evaluating the child and in developing an individual service plan for each patient.

Two FTE staff would be hired to conduct this study. A full-time Project Director and a half-time research assistant would be unclassified positions. A half-time secretary would be the only classified position.

These are all viewed as limited duration positions which would be abolished once the study is completed. The only function which would be continued is the demonstration clinics. This is not viewed, however, as an extension of services because CCD is already obligated to provide these services.
University Hospital Program Adjustments

(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee

It was recommended that the Board approve plans for University Hospital expenditure increases and facilities remodeling totaling $2,177,881 to be funded from patient fees, XI-F(1) Bonds, and a State General Fund loan, as described in the following staff report. It was further requested that the staff be authorized to submit the request to the State Emergency Board.

Discussion and Recommendation to the Committee

In response to a question, Mr. Holmer explained that the report on charity allowances provided the factual basis for seeking appropriate legislative relief.

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

Board Discussion and Action

Mr. Holmer said that the recommended requests had been submitted to the Emergency Board and approved, subject to one major modification.

It was proposed that the funds for the clinical laboratory equipment be borrowed from the General Fund. It was the recommendation of the Legislative Fiscal analyst that the loan be made from other funds, with the suggestion first that it be from Article XI-F(1) borrowings. This suggestion was protested on the basis of whether it was appropriate to buy equipment not associated with a major new building directly out of Article XI-F(1) bonding money. The final recommendation then was that the money be borrowed from excess sinking fund reserves for Article XI-F(1) repayments with an interest rate consistent with what would have been earned had the money been invested in other government securities.

The Board discussed the use of excess sinking fund reserves in terms of any possible effect on the interest rate, any requirements in the bond resolution, the excess in the reserve beyond that specified in Board policies, and other implications of using sinking fund reserves.

In view of the intricacies of the transaction, the Board approved the staff recommendation as recommended by the Committee, with the understanding that Mr. Holmer and Mr. Branchfield would advise the Board by letter of the implications of the proposed action. The following voted in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Mr. Ater said the report on charity allowances did not require any action by the Board but it should be noted as a continuing problem. There is a $3 million annual deficit in charity care which is not covered with adequate General Fund support.

Mr. Wyss asked for comments concerning the possibility of reducing the charity allowance by 6.4% in order to balance with the General Fund appropriation.

Mr. David Witter, Director of Fiscal Services at the University of Oregon Health Sciences Center, said the Legislature has been concerned about the volume of charity allowances and other revenue reductions at the University Hospital. Two Budget Notes require that a mechanism be created to budget and track charity allowances by medical services. The report presented to the Board is in response to that specific Budget Note. A second Budget
Note requested a response with respect to charity patients and the feasibility of creating a statewide medically needy program, potentially out of General Fund revenue now used to support the charity allowances. It is anticipated that the report will be made to the December Emergency Board and reviewed by the Board of Higher Education or its Committees prior to that time.

Mr. Witter said that in discussing a reduction in charity care it is important to note that there is an irreducible number of patients now treated in the hospitals. The same total volume of patients would be required to meet the teaching objectives and provide necessary laboratory experiences. It would be difficult to take out the charity patients unless they were replaced by comparable paying patients. The present load, which is 6.4% above the charity allowance supported by the General Fund, provides about the right volume of total teaching experiences.

In response to a question, it was indicated there is a considerable variation in the percentage of revenue deductions in the various states.

President Leonard Laster said the Health Sciences Center is the prism of societal values. It is the locus at which several types of activities--teaching, learning new information, and service--intersect, and it is the cauldron in which a certain number of questions must be faced. The question is who will pay, not for charity care, but for the care of people who do not have the funds or the insurance to cover their care. With the tightening of budgets, the unfortunate trend is to let someone else worry about the problem, Dr. Laster said, and there has to be an institution of last resort. If Health Sciences Centers are to embody the humanistic principles that it is hoped underlie their practices, they are caught in the middle between legislatures, societal needs, and the integrity of their professions. This is what is exemplified here, Dr. Laster said.

Dr. Laster continued by saying that this is not a laboratory experience for residents or anyone else. It is a provision of care when a resident is working with a human being. That care is overseen by an experienced physician. It is taking care of human beings and is not the use of people as guinea pigs. Dr. Laster said the fundamental question is what is the policy of this state to the care of the people who cannot afford the coverage. He noted that some hospitals have the privilege of turning people away. If the Health Sciences Center increased the extent to which it turned people away, an image would be created of the institution reflecting a lack of concern for human beings. This would have a profound impact on the self-image that the students attending the institution would have. It would be a reflection of social values imparted to them. If the objective is to train health professionals who care about human beings, and if the message is that a patient is turned away when a numerical quota is reached, Dr. Laster said, then I do not want that health professional taking care of my family.

Dr. Laster said he had no immediate solution, but in the larger context, the issue is what is the state's posture to this segment of its population, this financial segment, and how will it meet the future. He said two or three rules should guide this decision. The humanism must be kept in mind every time. If the Health Sciences Center becomes a bookkeeping firm and turns people away, who is responsible for where they will go; because other hospitals need not take them in. Dr. Laster said the documents refer to the Health Sciences Center as the hospital of last resort and this was a privilege which he was not ready to give up so rapidly.

Staff Report to the Committee

This request consists of a multi-part proposal for computer replacement and operation, installation of a clinical laboratory mini-computer, facilities remodeling to accommodate the computer installation, expenditure authority for use
of an agent to prevent rejection of kidney transplants (MALG), and a report on Charity Allowances. Each part of the request is separately described, but is summarized for review as follows:

### Capital Construction

- **Computer Services-Building Remodeling**: $350,323
- **Clinical Laboratory Facilities**: $250,400
- **Clinical Laboratory Equipment**: $734,730
- **Total**: $1,335,453

### Operating Budget Expenditure Limitation

- **Computer Operations**: $548,470
- **Clinical Laboratory Mini-Computer Operation**: $22,258
- **MALG (kidney transplant agent)**: $271,700
- **Total**: $842,428

The request anticipates the use of patient fee collections for operating budget expenditures. In the Capital Construction request, building remodeling and facilities are funded from XI-F(1) bonds and Clinical Laboratory Equipment is funded by a State General Fund loan. Capital construction amounts are to be repaid from patient fee income during succeeding biennia.

### Computer Replacement, Remodeling for Installation, Data Processing

The 1977 Legislature acknowledged that it is essential for the Health Sciences Center to change and improve its data processing capability but recommended that the Center complete its long range plan, gain approval of the Legislative Data Processing Committee, and present to the Emergency Board the required expenditure increases after the more exact nature of systems and their costs are determined.

Following a request for proposals in September 1977, four vendors submitted their proposals in December 1977. After extensive evaluation, the IBM 370/148 was selected on the basis of its capabilities and financial benefits.

The conversion and operating costs of the replacement computer during the 1977-1979 Biennium are proposed in the amount of $548,470, fully funded from patient fee collections. Personnel requirements include 7.7 FTE academic positions (9.7 new, less 2.0 abolished) and 16.0 FTE classified positions.

The replacement computer is planned to be installed on the fifth floor of the Campus Services Building, formerly the Tuberculosis Hospital. Remodeling is necessary to provide an adequate environment for the computer hardware and to meet city and state codes and regulations. The capital construction request for $350,323 is to be funded from XI-F(1) bonds.

### Clinical Laboratory Mini-Computer

University Hospital proposes expenditure authority and an expenditure limitation increase to acquire a mini-computer for the Clinical Laboratory to automate patient data processing. The computer will serve multiple laboratory users simultaneously through remote terminals, printers, and direct interface with high volume, automated analytical instruments. Laboratory data will be stored on magnetic discs to permit rapid access. Requests for laboratory tests and patient census data will be entered into the system and stored. The system will generate specimen labels, collection lists and laboratory work sheets. Test results will enter the computer directly from automated instruments or through manually operated keyboard terminals. Laboratory reports will be transmitted directly to certain clinical care areas which
require rapid response. Other laboratory test reports will be printed for distribution to physicians and for posting to the patient's permanent clinical record. The system will perform quality control checks and issue information necessary for management of the laboratory.

The mini-computer will automate functions presently handled manually, permitting a reduction of personnel in Biennium 1979-1981, decreasing turnaround time for reporting of laboratory results, making available access to information needed in emergencies prior to development of the full report, and eliminating errors of manual calculation and transcription.

Acquisition of the Clinical Laboratory computer is recommended by purchase from Cybermed, utilizing a State General Fund loan of $734,730. The selection of Cybermed was made after examination of proposals by four vendors. Use of the $734,730 is summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware purchase</td>
<td>$517,155</td>
</tr>
<tr>
<td>Hardware installation</td>
<td>2,600</td>
</tr>
<tr>
<td>Software purchase</td>
<td>178,500</td>
</tr>
<tr>
<td>Systems implementation and training</td>
<td>11,175</td>
</tr>
<tr>
<td>Microfilming equipment</td>
<td>25,200</td>
</tr>
</tbody>
</table>

Repayment of the General Fund loan is proposed over an eight-year schedule, with interest payments beginning in fiscal year 1978-79 and with principal and interest payments concluding in fiscal year 1986-87. Repayment is to be generated by patient fees collected over the eight-year period.

Facilities to accommodate the Clinical Laboratory Mini-Computer are proposed at a cost of $250,400 to be funded from XI-F(1) bonds.

Operating costs during fiscal year 1978-79 totaling $22,258 cover hardware and terminal maintenance ($10,131) and interest payments on the State General Fund loan and XI-F(1) bonds ($12,127). Projections of the cost impact on 1979-1981 are for a net increase of $44,432, resulting from increased costs for maintenance, supplies and debt service, offset by abolishing 19 positions in 1979-80 and 25 positions in 1980-81.

MALG Expenditures

In April 1978 the State Emergency Board authorized the use of Minnesota Anti-Lymphoblast Globulin (MALG), an agent used to prevent rejection of kidney transplants, but deferred an expenditure limitation adjustment pending review of the Hospital revenues and expenditures. Costs of the agent are recovered in charges to patients or third party carriers. An increase in expenditure limitation of $271,700 is proposed since it appears that there will be no unused expenditure limitation to cover the additional expenses.

Report on Charity Allowances

The 1977 Legislature directed the University Hospital to develop a system of budgeting and monthly reporting of charity allowances, by medical services, commencing July 1, 1978. The Health Sciences Center has provided a report which is summarized with this recommendation.

The Hospital has developed data generating and reporting processes and has budgeted the medical services for charity allowances on the basis of expected indigent caseload. To test the thesis that a 10% reduction of indigent care might be effected, the departmental charity
allowances budgets were scaled down by that amount. At the same time, a budget reserve has been established in case reduction of indigent care is not possible and some of the budgets must be adjusted because paying patients are not available to substitute for teaching purposes, or because the indigent caseload continues because there are no other options for the poor in the state, or because reduced welfare reimbursements for services in the state drive more patients to University Hospital.

It should be noted that charity allowances have been running 18.3% of gross revenues. Adding this to 5.4% contractual allowances, 8.0% bad debts and 0.7% other allowances gives total revenue deductions of 32.4% of gross revenue. Since the General Fund appropriation, which is to cover the revenue requirements unmet by patient fees, is 26% of the cash available for expenditures, the gap of around $3,000,000 per year revenue deductions is not covered by General Funds.

The degree to which indigent care can be controlled (reduced) is problematical in view of the community's indigent load, limitations of welfare reimbursement to providers, the lack of other options for indigent care (University Hospital as the "last resort"), and faculty shortages in the School of Medicine (the Hospital's medical staff) which limit the ability to attract paying patients to substitute for the poor in the Health Sciences Center's teaching programs. It is planned that revenue deductions, including the charity allowances, be presented for review by the 1979 Legislature, as the basis for determining the percent of General Fund support of the Hospital for 1979-1981.
Meeting #451
September 29, 1978

UNIVERSITY OF OREGON HEALTH SCIENCES CENTER
UNIVERSITY HOSPITAL

Emergency Board Requests by Function

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Budget Expenditure Limitation Request</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MALG</td>
<td>$111,700</td>
<td>$160,000</td>
<td>$176,000</td>
<td>$190,080</td>
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<tr>
<td>Computer Request</td>
<td>26,202</td>
<td>522,268</td>
<td>964,556</td>
<td>843,793</td>
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<tr>
<td>Clinical Laboratory Mini Computer</td>
<td>--</td>
<td>22,258</td>
<td>124,975</td>
<td>(80,543)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$137,902</td>
<td>$704,526</td>
<td>$1,265,531</td>
<td>$953,330</td>
</tr>
</tbody>
</table>

**Capital Budget Expenditure Limitation Requests**

| XI-F(1) Bond-Computer Services Bld Remodel | -- | $390,323* |
| XI-F(1) Bond-Clinical Lab Facilities      | -- | 250,400   |
| Clinical Lab Equipment                    | -- | 734,730   |
| **Total**                                | -- | $1,375,453|

**Emergency Board Request by Classification**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Budget Expenditure Limitation Request</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Salaries</td>
<td>$6,694</td>
<td>$26,775</td>
<td>$26,775</td>
<td>$26,775</td>
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<tr>
<td>Classified Salaries</td>
<td>1,650</td>
<td>196,931</td>
<td>288,211</td>
<td>106,368</td>
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<tr>
<td>Irregular Wages</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Student Wages</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Residents &amp; Interns</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$8,344</td>
<td>$223,706</td>
<td>$314,986</td>
<td>$133,143</td>
</tr>
<tr>
<td>OPE</td>
<td>$1,318</td>
<td>$35,368</td>
<td>$69,296</td>
<td>$29,290</td>
</tr>
<tr>
<td>Services &amp; Supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MALG</td>
<td>$111,700</td>
<td>$160,000</td>
<td>$176,000</td>
<td>$190,080</td>
</tr>
<tr>
<td>Data Processing Equip Lease</td>
<td>--</td>
<td>115,907</td>
<td>262,282</td>
<td>225,805</td>
</tr>
<tr>
<td>Loan &amp; Bond Principal Payments</td>
<td>--</td>
<td>--</td>
<td>188,194</td>
<td>188,195</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>--</td>
<td>21,179</td>
<td>82,527</td>
<td>71,235</td>
</tr>
<tr>
<td>Other</td>
<td>16,540</td>
<td>118,636</td>
<td>161,746</td>
<td>115,582</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>$128,240</td>
<td>$415,722</td>
<td>$870,749</td>
<td>$790,897</td>
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<tr>
<td>Capital Outlay</td>
<td>$--</td>
<td>$29,730</td>
<td>$10,500</td>
<td>$--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$137,902</td>
<td>$704,526</td>
<td>$1,265,531</td>
<td>$953,330</td>
</tr>
</tbody>
</table>

**Capital Budget Expenditure Limitation Requests**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Processing Facilities</td>
<td>--</td>
<td>$640,723</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Data Processing Hardware &amp; Installation</td>
<td>--</td>
<td>519,755</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Data Processing Software &amp; Installation</td>
<td>--</td>
<td>189,775</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Other Equipment</td>
<td>--</td>
<td>25,200</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>--</td>
<td>$1,375,453</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

*Total estimated cost of $390,323, less $40,000, approved by the State Emergency Board in April 1978, results in request of $350,323 to be submitted in September 1978.*
ACCOUNTING AND BUDGETING OF CHARITY ALLOWANCES

INTRODUCTION AND BACKGROUND

The Joint Committee on Ways and Means of the 1977 Legislature added the following budget note pertaining to the University Hospital:

"The Subcommittee closely examined charity allowances in the Hospital Budget and concurred with an Executive Department recommendation that charity allowances should be budgeted and reported by Hospital Service instead of disbursed at the institutional level. It is the expectation of the Subcommittee that a system of budgeting and monthly reporting of charity allowances by service will be installed at the Hospital by July 1, 1978."

ACCOUNTING FOR CHARITY ALLOWANCES BY MEDICAL SERVICE

Between the Fall of 1977 and July 1, 1978, University Hospital implemented the recommendation of the Subcommittee in three phases: data generation, reporting and budgeting.

Data Generation. The accumulation of charity allowance data by medical service required modification of the Hospital's automated patient billing system and the procedure used by the Hospital's Patient Accounts office for the posting of charity allowances.

The posting of charity allowances by medical service began on December 1, 1977. The postings of charity allowance transactions are automatically generated in the patient billing system for most outpatients; inpatient and some outpatient allowances are computed manually after third party (insurance) payments are posted.

The patient administrative data coding is established during the initial clinic registration or at the time of hospital admission. Each patient is screened by a trained financial counselor to determine the ability to pay for services provided. The amount of patient liability for payment is determined; the charity allowance is the amount of gross charges in excess of the financial liability. Patient liability is derived from tables and other data (Bureau of Labor, Hill-Burton, Office of Economic Opportunity, Public Welfare) showing costs to maintain a household related to family income, number of dependents, age of bread-winner, liquid assets, outstanding medical bills and other variables.

The charity allowances by medical service are posted to the general ledger revenue deduction accounts monthly. This provides for the accumulation of charity allowance data by medical service, summarized on a monthly basis.
Reporting. Copies of the year-to-date reports of charity allowances by medical service are attached (Exhibits Ia and Ib). Charity allowances are shown by "controlling" medical service, i.e. by the service that controlled the admission and care of the patients. The data for each medical service were reviewed with each department head and chief of service, the Vice President for Hospital Affairs, the senior administrators of the Hospital and Clinics, and the director of Fiscal Services. Discussions considered the level of charity allowances for each service, the need for indigent patients to support the teaching and research programs of the institution, the availability of alternatives for care in the community, and the feasibility and desire to change (reduce) the number of medically indigent patients receiving care at University Hospital.

BUDGETING OF CHARITY ALLOWANCES BY MEDICAL SERVICE

Hitherto, University Hospital has budgeted charity allowances in the aggregate. On the basis of the experience of the various medical services, and assuming that it may be possible to scale down indigent care by 10%, budgets have been established for the medical services based on 90% extensions of current experience. Because it is unknown if this objective is feasible—in relation to the "last resort" status of University Hospital for indigent care, capacity to augment the proportion of paying patients, number of clinical faculty attracting a different patient mix—a budget reserve has been established from the 10% of previously budgeted charity allowances not allocated to medical services. The budgets have been entered into the general ledger accounting system for each account. Monthly reports of charity allowance activity will be distributed to department chairmen during 1978-79, and discussions of trends and controls will continue with Hospital administration and the medical staff. The charity allowance budget worksheet for 1978-79 is attached (Exhibit II).
### Charity Allowances by Medical Service

**Period of December 1, 1977 through April 30, 1978**

<table>
<thead>
<tr>
<th>Medical Service</th>
<th>Charity Allowances</th>
<th>Gross Patient Charges</th>
<th>Charity Allowances as % of Gross Patient Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inpatient</td>
<td>Outpatient</td>
<td>Total</td>
</tr>
<tr>
<td>Cardiac Surgery</td>
<td>62,390</td>
<td>125</td>
<td>62,515</td>
</tr>
<tr>
<td>Chemotherapy</td>
<td>-</td>
<td>7,541</td>
<td>7,541</td>
</tr>
<tr>
<td>Dermatology</td>
<td>-</td>
<td>25,558</td>
<td>25,558</td>
</tr>
<tr>
<td>Diagnostic Radiology</td>
<td>-</td>
<td>-</td>
<td>5,555</td>
</tr>
<tr>
<td>Family Practice</td>
<td>3,397</td>
<td>53,623</td>
<td>57,020</td>
</tr>
<tr>
<td>Family Practice - OB</td>
<td>9,631</td>
<td>-</td>
<td>9,631</td>
</tr>
<tr>
<td>Family Practice - NB</td>
<td>3,796</td>
<td>-</td>
<td>3,796</td>
</tr>
<tr>
<td>Gynecology</td>
<td>97,537</td>
<td>50,651</td>
<td>148,188</td>
</tr>
<tr>
<td>Kidney Disease</td>
<td>17,068</td>
<td>961</td>
<td>18,029</td>
</tr>
<tr>
<td>Medical Psychology</td>
<td>16,773</td>
<td>16,773</td>
<td>33,546</td>
</tr>
<tr>
<td>Medicine</td>
<td>407,091</td>
<td>85,314</td>
<td>492,405</td>
</tr>
<tr>
<td>Neonatal</td>
<td>139,053</td>
<td>139,053</td>
<td>278,106</td>
</tr>
<tr>
<td>Neurology</td>
<td>18,091</td>
<td>18,091</td>
<td>36,182</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>51,229</td>
<td>2,356</td>
<td>53,585</td>
</tr>
<tr>
<td>Newborn</td>
<td>92,704</td>
<td>-</td>
<td>92,704</td>
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<tr>
<td>Obstetrics</td>
<td>194,702</td>
<td>73,552</td>
<td>268,254</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>17,226</td>
<td>11,101</td>
<td>28,327</td>
</tr>
<tr>
<td>Orthopedics &amp; Rehab.</td>
<td>82,162</td>
<td>16,945</td>
<td>99,107</td>
</tr>
<tr>
<td>Otolaryngology</td>
<td>66,092</td>
<td>21,327</td>
<td>87,419</td>
</tr>
<tr>
<td>Pediatric Medicine</td>
<td>232,706</td>
<td>39,546</td>
<td>272,252</td>
</tr>
<tr>
<td>Pediatric Surgery</td>
<td>68,366</td>
<td>5,040</td>
<td>73,406</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>165,084</td>
<td>21,944</td>
<td>187,028</td>
</tr>
<tr>
<td>Radiation Therapy</td>
<td>38,883</td>
<td>-</td>
<td>38,883</td>
</tr>
<tr>
<td>Surgery</td>
<td>275,284</td>
<td>22,630</td>
<td>297,914</td>
</tr>
<tr>
<td>Surgery - Oral</td>
<td>524,274</td>
<td>2,076</td>
<td>546,337</td>
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<tr>
<td>Surgery - Oral</td>
<td>90,540</td>
<td>11,899</td>
<td>102,439</td>
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<tr>
<td>Day Surgery</td>
<td>-</td>
<td>30,508</td>
<td>30,508</td>
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<tr>
<td>Hemodialysis</td>
<td>-</td>
<td>7,762</td>
<td>7,762</td>
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<tr>
<td>Private Patients</td>
<td>-</td>
<td>7,144</td>
<td>7,144</td>
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<tr>
<td>Undesignated</td>
<td>-</td>
<td>32,976</td>
<td>32,976</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>1,655</td>
<td>1,655</td>
</tr>
<tr>
<td><strong>Total Coded Charity Allow.</strong></td>
<td>2,105,404</td>
<td>272,331</td>
<td>2,377,735</td>
</tr>
<tr>
<td><strong>Add Uncoded Charity Allow.</strong></td>
<td>678,290</td>
<td>175,895</td>
<td>1,054,185</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>2,883,694</td>
<td>404,126</td>
<td>3,287,820</td>
</tr>
</tbody>
</table>

(1) Sources: Summary of Charges by Location, Daily Census Reports, Inpatient Statistics, and Summary Financial Statement.
(2) Includes the following categories: CCO, CRC (OPD), Health Service, Infection Control, and Physical Therapy patients.
(3) Charity Allowances processed during periods that were not identified by medical service.
Recess and Reconvening

The Board recessed to reconvene as a Committee of the Whole for the purpose of discussing the Portland State University guidelines. At the conclusion of the meeting of the Committee of the Whole, the Board reconvened at 11:45 A.M. in regular session as a Board.

Plan Revision for Parking Structure III, PSU

Staff Recommendation to the Board

Subject to the satisfactory resolution of issues identified by the hearings officer of the City of Portland in connection with the application for a conditional use permit, it is recommended that the appropriate Board officials be authorized to reduce the size of the proposed Parking Structure III at Portland State University so that construction can proceed within the expenditure limitation of $1,800,000 previously approved by the Board and the State Emergency Board.

Board Discussion and Action

Mr. Hunderup mentioned that the comments of the TriMet representatives were not as substantial as the hearings officer implied in his report with the statement to require that TriMet confirm that the parking rates charged by Portland State University would not serve as a disincentive to mass transit in the Portland metropolitan area. This decision of the hearings officer raises a Constitutional question. The decision has been appealed on the grounds that the Board of Higher Education cannot divest itself of the obligation to set the rates of charge for parking because it must make a determination in compliance with Article XI-F(1) of the Constitution that the rates of charge will be sufficient to provide income which will meet the principal and interest and the operating costs of projects that are financed from self-liquidating bonds under Article XI-F(1). The appeal has been referred by the City of Portland to the City Attorney and is now being considered.

Mr. Hunderup said these negotiations were a long-involved process over a period of several months and discussions are continuing in an effort to resolve the issues which have been identified.

The discussion then centered on the number of parking spaces actually gained for the amount of the investment. It was indicated that the spaces lost in the first phase would be added to the second increment. Mr. Ingalls asked whether there would be any advantage in starting with Phase II since only a certain number of spaces could be secured in Phase I. Mr. Hunderup responded that this would involve redesign and rebidding. He said it was important to proceed with as much haste as possible in order to relieve the congestion during the period of construction of the Professional Schools Building.

Mr. Ingalls said if the second phase were built now, more space would be obtained for the money. Fewer spaces would be lost with the second phase than with the first.

Mr. William C. Neland, Director of the Physical Plant, said it was necessary to develop the structure at the north end of the site, Phase I, prior to the development of the south end because of requirements imposed for access and egress. Mr. Neland also pointed out that no land is available for additional surface parking, except by special action of the City Council. Furthermore, if land were acquired beyond the campus boundaries for development of parking, it would intrude into the parking capacity allowance for other operators in the city. The allowance for Portland State University within the defined campus boundaries is 2,232, excluding the parking allocated to the Lone Plaza and Park Plaza apartments. In order to acquire land not subject to this allocation, it would be necessary to go across the freeway in order to find land available for purchase. It is probable the land would be no less expensive than land being rededicated in the present proposal.
In discussing the recommendation of the hearing officer to include housing in the second parking lot, it was explained that this recommendation resulted from two brief comments from the Portland Housing Development, Inc., and representatives of Portland Student Services.

Mr. Batiste said this project again represented a reduction in scope to stay within the expenditure limitation, but it also involved a very intricate relationship with the City of Portland and its planning. He suggested exploring in more detail the possibility of proceeding with the second phase despite the problems of access and egress. He said the Board has alternatives but needs more information and time for further study. He moved that action be delayed to explore further the problems with the City of Portland, the Phase II commitment, the alternative of bringing in Phase II, and to give the staff additional time to answer these substantive questions.

Mr. Hunderup said a 15-day extension already had been granted on the bids and would expire prior to the November meetings of the Emergency Board and the Board of Higher Education. He said an effort would be made to obtain the concurrence of the contractor to hold the price firm, but there was no assurance that the request would be granted. Mr. Neland also indicated that any indication of opening up a redesign of the project presented to the City would result in a requirement to provide retail space in both the Phase I and Phase II units. Presently, it is only required that the feasibility be discussed in Phase II. Portland State University is excused from the requirement in Phase I.

Mrs. Carpenter said the response to the motion would suggest that the ability to build this at all might be seriously impaired or at least postponed for many months if the matter were reopened.

Mr. Ingalls said he intended to vote against the motion because he thought the Board should ask for the increased allocation in order to get the maximum space in the first building.

Mr. Hunderup said the deadline had passed for submitting requests to the October 12-13 meeting of the Emergency Board. The next meeting would be November 16-17 and the bids would no longer be valid.

The Board voted against the motion to defer action pending further study.
The following voted in favor: Directors Batiste, Moore, and Wyss. Those voting no: Directors Anderson, Ater, Carpenter, Feves, Harms, and Ingalls.

The Board then voted against a motion to approve the staff recommendation, with the following voting in favor: Directors Carpenter, Feves, and Harms. Those voting no: Directors Anderson, Ater, Batiste, Ingalls, Moore, and Wyss.

Mr. Ingalls moved that authorization be sought from the Emergency Board to increase the expenditure limitation applicable to the proposed Parking Structure III at Portland State University in order to permit construction of the entire facility, and to seek an extension of the bids from the contractor until such time as a decision could be obtained from the Emergency Board.
The following voted in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Board

On March 24, 1978, the Board reviewed and approved the schematic design phase of planning completed by Architects Zaik/Miller for the initial unit of proposed Parking Structure III at Portland State University and authorized a request to the State Emergency Board for concurrence in proceeding with the construction thereof within an expenditure limitation of $1,800,000.
financed from self-liquidating bonds issued under the provisions of Article XI-F(l) of the Oregon Constitution and/or other balances available for auxiliary enterprises. It was noted that this unit was expected to be a five-level structure, including basement, located at the west edge of the campus in the "superblock" bounded by S. W. Market Street, S. W. Montgomery, S. W. 12th Avenue and S. W. 13th Avenue, immediately south of the Helen Gordon Child Development Center. Although the maximum capacity of the initial structure was expected to be 429 vehicles within the projected gross area of 121,277 square feet, refinements during progressive stages of planning resulted in a revised capacity of 423 vehicles and a gross area of 118,208 square feet by the time the working drawings and specifications were completed.

Inasmuch as appropriate authorization was granted by the Emergency Board on July 28, 1978, bids for the project were solicited. Two contractors submitted proposals at the bid opening at Portland State University on August 30. These quotations were in the amounts of $1,596,237 and $1,619,000. The lower figure was about 18.5% above the direct construction cost allowance of $1,346,000, and would have required a total project budget of approximately $2,015,000.

With the concurrence of the other bidder, the architects have attempted to negotiate with the lowest bidder for change order modifications which would bring the costs down within the original allowance. It would appear possible to achieve this objective by eliminating the basement level, thus limiting the initial unit of construction to a four-level structure with a total capacity of 337 vehicles within a revised gross area of approximately 93,050 square feet. The following comparative analysis may be helpful in interpreting the proposed modifications:

<table>
<thead>
<tr>
<th></th>
<th>Pre-Bid Budget</th>
<th>Post-Bid Budget</th>
<th>Adjusted Post-Bid Budget</th>
</tr>
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<tr>
<td>Rededication of site</td>
<td>$222,459</td>
<td>$222,459</td>
<td>$222,459</td>
</tr>
<tr>
<td>Direct construction costs</td>
<td>$1,346,000</td>
<td>$1,596,237</td>
<td>$1,317,877</td>
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<td>Professional service fees</td>
<td>79,771</td>
<td>82,734*</td>
<td>82,734*</td>
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<tr>
<td>Construction supervision, legal and miscellaneous costs</td>
<td>34,470</td>
<td>35,685</td>
<td>37,394</td>
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<td>Landscaping</td>
<td>-</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>67,300</td>
<td>47,887</td>
<td>39,536</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,750,000</td>
<td>$2,015,000</td>
<td>$1,750,000</td>
</tr>
</tbody>
</table>

*Including charges for consulting services of landscape architect

Maximum expenditure limitation $1,800,000 $1,800,000 $1,800,000

Capacity (number of vehicles) 423 423 337
Gross square foot area 118,208 118,208 93,050
Direct construction costs per sq. ft. $11.39 $13.50 $14.16

Investment per vehicle space:
- Total, including land $4,137 $4,764 $5,134
- Total excluding rededication of site $3,611 $4,238 $4,473
- Direct construction costs only $3,182 $3,774 $3,911

Inasmuch as portions of the project site are zoned with AO and C2 classifications by the City of Portland, an application for conditional use was filed with the City Planning Commission on April 13, 1978, and again on July 3, 1978, with the following explanation:
Parking strategies published by the City of Portland for the downtown area recommend the collection of surface parking lots into parking garages for various reasons of traffic management and environmental impact. Portland State University now plans construction of its third permanent parking garage to permit discontinuance of surface parking lots within its western area. Two existing garages are located between S.W. Broadway and Sixth Avenues. This third structure will be sited at the west perimeter to intercept vehicles arriving from the Sunset Highway and Stadium Freeway systems. Concentration of parking in garages minimizes the pedestrian-vehicle conflicts which currently exist within the campus, and reduce the auto emissions problems in areas of high pedestrian and residential concentration. Construction of this facility—the first of two identical phases—will restore the University's authorized inventory of 2,232 off-street spaces within campus boundaries, with some salutory effect on on-street parking within adjacent residential and commercial areas. Siting of this structure at the west perimeter is consistent with the Development Plan for the University previously approved by the City of Portland and the Portland Development Commission, and is, we believe, consistent with presentations to the Environmental Quality Commission when permission was given for improvement of a 151-space surface facility on this site, which will be replaced by the proposed garage.

Upon completion of Phase II of the third parking garage, it is expected that all surface facilities will be removed.

It should be understood that this request only maintains the University's approved allotment of parking spaces. There is no request to increase that allotment. The Special Parking District created for Portland State University permits the University to arrange its parking spaces as required within the boundaries of that district and within the allotment of parking spaces approved by the City of Portland. This is the sole intent of this request.

A public hearing on the conditional use application was held on August 22 in the Council Chamber of the City Hall, at which time the hearings officer had available responses from most of the various agencies contacted, such as the Building Bureau, Fire Bureau, City Engineer, Water Bureau, Park Bureau, Bureau of Neighborhood Environment, Traffic Engineering, Tri-Met Planning, Transportation Planning Section of the Bureau of Planning, the Downtown Community Association, City Housing Development, Inc., Portland Development Commission, Design Committee and the Historical Landmarks Commission. Except for staff assistance and responses to questions posed to representatives of the architects' office and Portland State University, there was no oral or written testimony in support of or opposition to the request.

The decision rendered on August 28 by the hearings officer included the following CONCLUSIONS:

A. The proposed Phase I parking structure conforms with the Urban Renewal Master Plan and parking elements of the Downtown Plan and Parking and Circulation Policy.

B. As to other elements of the adopted Downtown Plan there is conflict between the applicant, staff of the Bureau of Planning, Historical Landmarks Commission, Design Committee, Tri-Met, and the City Housing Development, Inc. The differences of viewpoint involved are not always between the applicant on one hand and the city or public bureaus and commissions on the other.
C. It seems clear at this point that the applicant should have gone further before final design to seek out substantive responses from those implementing pertinent city and public policies.

D. However, it appears just as clear that those implementing those policies should have done more, after the opportunity provided by applicant's notices of the impending project, to make clear the requirements of those policies.

E. Now, City requirements for ground level retail capability, housing opportunity, and additional setback together with re-siting Phase I because of historical landmark concern are met with applicant's response that final design plans are completed and it is too late and too expensive to meet those requirements.

F. However, something may be gained in some or all of these difficult areas:

1. Tri-Met's concern over rates is a difficult area. Action could here, if not taken carefully, place the Hearings Officer in the position of rate setting with neither the authority nor the information to exercise that function. The one thing which does seem clear is that the parking rates set should not serve as a disincentive to public transit use. It would seem that rates at least no lower than Tri-Met passes would be required to meet that standard. A condition should be imposed requiring Bureau of Planning and Tri-Met concurrence that the rates do not serve as a disincentive to mass transit use. The most minimal observance of the Downtown Plan Guidelines would seem to require no less.

2. It simply seems too late to impose the setback and re-siting recommendations of the Historical Landmarks Commission. Both are reasonable recommendations grounded in the desire to protect a valuable landmark and both probably could have been imposed had they been made known at an earlier stage. The site change would require expensive redesign and creates access problems during any second phase of construction. The setback requirement loses a significant number of vehicle spaces at a time when redesign to recapture those lost spaces would be expensive.

3. Design Committee concerns over the landscaping of the space between the project and the landmark appear able to be accommodated.

4. There appears to be no demand that retail space at ground level be immediately used when the project is completed. What is regrettable is that the building, as designed, probably never will provide such retail space, even should that use become feasible and economically desirable, so long as it is used as a parking structure. However, substantial observance of the Plan Guidelines may still be obtained by requiring the capability for ground floor retail on Montgomery Street and in a substantial portion of Phase II of the structure along 12th Avenue. Incorporating that capability in Phase II should be a condition to this approval. Given the problems with the timeliness of the requirements indicated above, it would not seem fair to impose such requirements on Phase I now. Losing the retail capability in Phase I alone appears insufficient to require redesign. However, losing that possibility in Phase I and II does seem sufficient to require redesign. Consequently, should the applicant find now that the design chosen for Phase I precludes meeting that condition, then the condition should be imposed nevertheless.
5. Incorporation of the housing appears to be a more difficult matter. However, given the City's need for housing in the downtown area and given the apparent student and faculty housing need, to miss the potential of such an opportunity without adequately exploring it would be unfortunate in the extreme. There should, therefore, be a condition imposed on approval that meetings between appropriate representatives of the Bureau of Planning, Portland State University, and the City Housing Development, Inc., should begin at an early time to be certain that every effort is made to incorporate housing in the design of Phase II.

6. The applicant should be strongly encouraged to explore, with appropriate Bureau of Planning staff, all of the concerns which this proposal raises, in connection with its impending Master Plan revision.

G. These facts and findings support the conclusion that, properly conditioned as indicated, the need identified by the zoning code in conditionally allowing this use in this zone is reasonably addressed by this proposal. These facts, findings, and conclusions support the ultimate conclusion that this use at this particular location is desirable to the public convenience and welfare and is not detrimental or injurious to the public health, peace or safety, or to the character and value of the surrounding properties.

Finally, the DECISION of the hearings officer was as follows:

It is therefore the decision of the Hearings Officer that this Conditional Use request is approved and that a Conditional Use Permit shall issue for it, subject to the following conditions:

A. Applicant's rate structure for parking in the facility proposed shall be subject to confirmation from the Bureau of Planning and Tri-Met that it does not act as a disincentive to public transit use. That confirmation should occur prior to the issuance of a Building Permit, but must occur prior to the issuance of an Occupancy Permit.

B. Final design plans, including the landscaping plans for the space between the project and the landmark to the north, shall be submitted to the Bureau of Planning for review and approval prior to the issuance of a Building Permit. The Bureau shall seek Design Committee input in that process.

C. Feasible capability for ground floor retail space along Montgomery Street, and in a substantial portion of the Phase II project along 12th Avenue, shall be incorporated into the design plans for Phase II. The applicant shall confirm that feasibility subject to the review and approval of the Bureau of Planning prior to the issuance of a Building Permit for Phase I.

D. Meetings should begin no later than October 1, 1978, between the appropriate representatives of the applicant, the City Housing Development, Inc., and the Bureau of Planning in order to be certain that every effort is made to explore the feasibility of incorporating housing into the design of Phase II. (It should be understood that this decision recognizes that there may be insurmountable obstacles to that incorporation. But if the parties indicated that they would explore the matter sufficiently, then it is likely that some consensus on that exploration, and other potential alternatives can be reached.)
Notice of appeal to portions of the hearings officer's decision was filed on behalf of the Board on September 8, especially in relation to the respective responsibilities of the Board, the Bureau of Planning and Tri-Met in setting rates for parking facilities to be constructed within the constraints of Oregon Law and Article XI-F(1) of the Oregon Constitution. The issues have been referred to the City Attorney and a decision has not been made whether the Planning Commission will hear the matter. If the Commission refuses to accept the matter for review, an opportunity will be available to appeal further to the City Council which is required to accept all such appeals and decide each issue "on its merits."

In anticipation of the satisfactory resolution of these matters, institutional officials have urged that appropriate contingent authorization be obtained from the Board for the reduction of the size of the project so that a contract award can be made if possible to Todd Building Company, Roseburg, who submitted the lowest bid and who has indicated willingness to proceed within the adjusted direct construction cost figure of $1,317,877 noted above.

RECAPITULATION UPON RECEIPT OF BIDS AND NEGOTIATION OF PROPOSED CONTRACT

Project - PSU Parking Structure III
Architects - Zaik/Miller, AIA, Portland
Board's priority - No. 6 in 1977-1979 (Auxiliary Enterprises)
Legislative authorization - State Emergency Board action on July 28, 1978

Estimated total project costs, including $222,459 for rededication of site out of maximum expenditure limitation of $1,800,000 $1,730,000

Estimated direct construction costs:
Total
Average (per square foot for gross area of approximately 93,050 square feet) - $14.16

Tentative schedule:
Contract award - October 1978
Completion - May 1979

Tentative financing plan:
Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises $1,730,000

Request of Portland State University for Authorization To Offer A Program of Study Leading to the Master of Taxation Degree

Portland State University requests authorization to offer a program of study leading to the master of taxation degree, effective 1978-79. The program is described in detail in the document entitled, "Request of Portland State University for Authorization To Offer a Program of Study Leading to the Master of Taxation Degree," which is on file in the Board's Office.

Staff Recommendation to the Committee

The Board's Office recommended that the Board approve the authorization as requested.
Discussion and Recommendation by the Committee

At the request of Mrs. Carpenter, Dr. Romney presented the Portland State University request for authorization to offer a program of instruction leading to the Master of Taxation (MT) degree.

Mr. Thorp and Mr. Wyss asked whether the two terms of accounting and one term of taxation required for admission to the program is adequate preparation in accounting for success in a program leading to a Master of Taxation degree.

Dr. Michael R. Gaines, chairman of the department of accounting at Portland State University, responded that the question of prerequisites had been thoroughly discussed by the Portland State University staff with the advisory body from the profession and that they had jointly concluded that, given the other aspects of the background it is anticipated that applicants will have, the requirements alluded to above were thought to be adequate.

Dr. Gaines stated that Portland State University anticipates that approximately 80% of the students admitted to the program will be accountants with a solid background of study and practice, and that approximately 20% will be persons with law or accounting backgrounds seeking entry into the profession. Taxation is a hybrid between law and accounting, he said, and attorneys will have skills other than technical accounting skills that will tend to compensate for potential weaknesses in their formal accounting background. Mr. Wyss commented that perhaps persons who had at some time in their past completed the prerequisite courses cited above might find themselves rusty now and needing opportunity to brush up on their accounting knowledge prior to launching into the program full-scale.

Mr. Wyss noted that the proposed program is a highly specialized program and raised a question as to whether or not it is the obligation of the state to subsidize specialization to this extent in a program offered by the public four-year institutions. Dr. Gaines responded that this is a philosophical question and that the same question might be asked as to the funding of preparation programs in engineering, law, journalism, or the numerous other professional areas.

Vice President Leon Richelle explained the proposed program grew out of the fact that Portland State University had five faculty who, in addition to their traditional academic training have a great interest and considerable expertise in taxation, and who wish to provide this service to a community badly needing it. Working with professionals in the Portland metropolitan area, Portland State University has developed this means of serving, at a minimal cost, this need of employed persons in the Portland area for access to a graduate program serving their educational and professional needs.

Mr. Wyss thought Portland State University's approach a good one, he said. The return on the investment in this case is very high, Mr. Wyss commented.

Mrs. Carpenter said that from her experience with tax issues and tax specialists she had noted that an adequate understanding of tax issues requires firm grounding in accounting, economics, and political science. She said there is an enormous need for qualified persons for service with state and local governments who have the special expertise and skill requisite to understanding and dealing with the complexities in government generally these days. She said she felt that more could have been made of this need in justifying the proposed program.

Mr. Wyss said that he considered it important that in establishing professional programs, the State System not specialize to an unhealthy degree, losing the potentiality for broader service that a broader survey of the subject matter field might offer. He observed that professions often press...
for more specialization in programs; that such specialization saves the profession expense. But in the present case he said he felt this was not the case, that the specialized degree program was a desirable way in which to meet a bona fide need.

Dr. Gaines reported that Portland State University is currently offering, as an aspect of its MBA program, a survey-type course in taxation which they are considering making available to the students throughout the institution, so that, in effect, Portland State University is offering some general education in taxation as well as the specialized program proposed here.

Mrs. Carpenter noted that the letters from the professions supporting the proposed program were dated in the spring of 1976 and commented that the Board's Office had had the proposal only since May 1978. Dr. Gaines said that in the intervening two years, Portland State University had been exploring the feasibility of the proposed program and trying out, under seminar numbers, a number of courses that will be a part of the program, if approved by the Board. During this period, too, the program has been thoroughly reviewed by the advisory committee, the department of accounting, the school of business administration, and the faculty senate, as well as by the Vice President and President of the University.

Mr. Wyss said he was impressed by the apparent tremendous success of the Golden Gate University Program. With the few institutions offering these kinds of programs and the compensation earned by tax specialists, he wondered, he said, whether Portland State University had not underestimated the potential pool from which they might draw applicants and students for the proposed program.

Dr. Gaines responded that this is an area of great interest, and that Portland State University intends to admit only the number they can handle reasonably with the resources available.

Responding to a question from Mrs. Feves, Dr. Gaines asserted that there are no other such programs in the Northwest.

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

Board Discussion and Action

During the discussion, it was indicated that a majority of the students would be individuals who were presently employed in the Portland area in positions in which expertise in the area of taxation would be valuable.

Mr. Wyss said the program appears to be excellent but it is important to guard against being too sensitive to demands for highly-specialized programs in various professions, when those programs really are an obligation of the professions. Otherwise businesses are being subsidized at the expense of the taxpayers.

Mr. Ater said he had similar concerns, but he also questioned whether the need identified for this program was actually unmet. He said there is a wide variety of continuing legal and accounting education available in the Portland area. The only difference is that an academic degree is not awarded for these seminars. He said he was very concerned about approving a highly-specialized curriculum that has limited appeal and subsidizes a very high-income profession.

Mrs. Carpenter said it should be pointed out that there were no other courses like this on the West Coast except through Golden Gate University. Mr. Ater said there might not be any other courses structured like the proposed program but he received numerous announcements of tax-oriented programs for individuals with varying levels of expertise.
Dr. Leon Richelle, Vice President for Academic Affairs, said that this is a continuing education program to serve the persons in the profession but it is also an entry-level program. The Master of Business Administration at Portland State University is a very general program which offers training in a variety of areas but does not offer training in one or two specialized fields. The proposed degree is intended for persons to gain access to the profession as well as for people in the profession who want to confirm and establish their qualifications.

With respect to subsidizing professional training for high-income professions, Dr. Richelle said these needs could be met at relatively low cost by taking cognizance of the special academic interests of staff members in the field of taxation.

Mr. Batiste said the Board would be considering guidelines for Portland State University and asked whether the proposed program would be consistent with those goals. Dr. Richelle said the program had been reviewed in terms of the planned development of the School of Business and the University in general.

In response to a question, Dr. Robert Black of the Department of Accounting at Portland State University said students in taxation presently are required to take more hours than they need to graduate in order to receive the degree in business. There is little or no opportunity to use elective hours for an option in taxation within the MBA program. Dr. Black said students are receiving this training now through a master's program elsewhere or through continuing education in the firms or offices where they are employed. He said while it was not incumbent upon the state to provide this service, it is part of the function of Portland State University to educate individuals for jobs which are available in the Portland area.

Mr. Anderson asked what the consequences would be of a one-year delay until the mission statement has been considered. Dr. Black responded that, in his opinion, a significant number of present or potential students would be lost.

Dr. Richelle commented that stopping approval of programs until the mission statement is approved is a definite problem. He said an effort has been made to limit consideration of new programs to ones that obviously would be appropriate for Portland State University within its present limited guidelines statement so that they would fit into the new statement when it is adopted.

Dr. Romney said the proposed program was consistent with the statement of the Committee on Graduate Study which referred to the need for Portland State University to serve the community in which it is located.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: Directors Anderson, Ater, and Batiste.

Staff Report to the Committee

The master of taxation is a specialized degree designed to prepare specialists in the administration and interpretation of our tax system, with particular reference to income and other taxation of a variety of business and legal entities. There are approximately 20 such programs available in the nation, none of which is in the Northwest. The programs are a fairly new development, brought about by the increasing complexity of tax laws and their interpretation which in turn creates increasing demand for trained professionals in the areas of tax compliance and planning.
The program proposed by Portland State University has been developed with the assistance of an advisory committee from the Portland professional tax community and will be similar to programs offered by Golden Gate University, San Francisco, and the University of Southern California, Los Angeles. This advisory committee will monitor the program in operation and advise with Portland State University concerning its continuing development and improvement.

In addition to the evaluation of the proposed program by the advisory committee of professional tax specialists, Portland State University will periodically seek evaluations of the program by students, graduates of the program, employers, and local professional organizations.

Description of Program

The program will consist of 45 credit hours of work distributed as follows:

<table>
<thead>
<tr>
<th>Core Courses</th>
<th>Cr. Hrs.</th>
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</thead>
<tbody>
<tr>
<td>Actg 5-. Tax Research Methods.</td>
<td>3</td>
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<tr>
<td>Actg 5-. Tax Theory and Applications.</td>
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<td>Actg 5-. Current Tax Developments.</td>
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<tr>
<td>Actg 5-. Corporate Taxation I.</td>
<td>3</td>
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<tr>
<td>Actg 5-. Tax Planning.</td>
<td>3</td>
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</tbody>
</table>

Specialized Course Work in Area of Taxation
Selected from Approved List of Courses (see p. 9a of request) 15

Approved Graduate Electives 15

Total Hours Credit 45

No formal thesis is required. The required course "Current Tax Developments" is an integrative course with emphasis on research and writing.

Accreditation. The program will be offered by the department of accounting of the Portland State University school of business administration. The school is presently accredited at the baccalaureate level by the American Assembly of Collegiate Schools of Business (AACSB), the national accrediting agency for business and management programs. Portland State University is committed to seeking AACSB accreditation of its master's program in business in 1979-80 and expects to receive accreditation in 1980-81.

Admission. Applicants for admission must meet University requirements for admission to graduate courses and programs; must submit test results from the Graduate Management Admission Test (GMAT) (or, if they have already completed the Graduate Records Examination or the Law School Admissions Test, results of either of these tests will be accepted in lieu of the GMAT); and must show evidence of completion of two terms of intermediate accounting theory and one term of federal income taxation or equivalent. Selection will be based on "proven ability to perform successfully in the complex environment of taxation" as shown by undergraduate grade record, scores on a graduate entrance examination, and such other indicators as may be available.

Enrollment will be limited only if demand for class sections in taxation outstrips the ability of the institution to staff the work needed or if the projected supply of tax professionals exceeds projected employment needs.

In the event enrollment must be curtailed, the institution will: (a) limit admission to whatever number can be served, (b) upgrade admission requirements, (c) restrict class enrollments to degree students, or (d) use some
combination of these to accomplish the needed restriction. It is quite possible that demand for the program will be such that some limitation in enrollment will be required. It is not considered likely that production of graduates from the program will outstrip employment needs in the foreseeable future.

Need for the Program

For several years, the department of accounting at Portland State University, under whose auspices this program has been developed, has been offering advanced seminars in specialized areas of taxation during the late afternoon and evening hours for persons employed in the Portland metropolitan area. (Taxation is an important aspect of accountancy at both the undergraduate and graduate levels, and the department staff includes three full-time professors who are specialists in the area of taxation.)

Two or three of these advanced seminars have been scheduled each term, including the summer term, over the past several years, with an average enrollment of around 20 students per class. Last year (1977-78), ten such courses were scheduled. Five of the courses were taught by full-time staff of the department of accounting and five by adjunct (part-time) professors drawn from the employed professional community. Students in these classes have been both pre-service persons with a baccalaureate background in accounting desiring to enter the field of professional tax practice and CPA's, attorneys, and corporate and government accountants practicing in the metropolitan area who wish to develop additional competencies in the area of taxation or to expand the breadth and depth of their skills.

The proposed program is designed to meet these two needs. First, it will supply at least a part of the employment needs of the metropolitan area for well-trained but inexperienced tax practitioners, and, second, it will provide an opportunity for practicing professionals systematically to upgrade their skills in the field of taxation.

Portland State University has estimated an enrollment pool of 643 from which applicants for the program will come (see p. 18a of the request):

- 200 full-time tax specialist CPA's in Portland
- 345 FTE tax specialists (CPA's devoting a part of their time to tax work)
- 50 attorneys working in the tax area
- 48 baccalaureate accounting majors interested in tax careers
  (estimated at 10 percent of the previous year's Oregon accounting graduates)

Resources To Offer Program

Of the courses required for the proposed program, all but four (12 credit hours) are currently being offered by Portland State University, principally under seminar numbers. The four courses that will need to be added for the program are:

<table>
<thead>
<tr>
<th>Course</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal and State Tax Procedures</td>
<td>3</td>
</tr>
<tr>
<td>Tax Accounting Problems</td>
<td>3</td>
</tr>
<tr>
<td>Computer Applications in Taxation</td>
<td>3</td>
</tr>
<tr>
<td>Tax Planning</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
</tr>
</tbody>
</table>

Portland State University estimates that when the program is fully operative, approximately 60 students will be actively involved at any one time, most of them on a part-time basis; approximately 25 new degree-oriented students will begin taking tax courses each year; and 15 students each year will complete MT degree requirements and graduate. This level of
activity will require the department of accounting to schedule 15 special tax courses or course sections per year (including summer terms), with an average enrollment of 20-25 students per section, 5 more sections than were scheduled during 1977-78. These sections will be staffed as follows:

5 sections will continue to be taught by full-time faculty with special tax expertise
10 sections will be taught by part-time adjunct faculty from the professional tax community

The staffing pattern is dictated by the nature of the program, which requires intensive study in a number of highly specialized areas. Although the department of accounting has three full-time tax specialists on its faculty and two more tax specialists are employed by the department of finance-law, it is almost impossible for any individual to have the needed current expertise in more than two or three tax areas, hence the need to supplement the full-time faculty with tax specialists from the community.

The cost of scheduling five additional courses or course sections a year is the only net additional cost in offering the master of taxation program. As has been noted, taxation is an important aspect of accounting, and the department has already allocated faculty, library, and support services in support of specialized instruction in taxation needed in its current baccalaureate and master's degree programs. The library resources have been reviewed by the tax faculty and by the librarian and are deemed adequate for the instruction proposed.

As noted, the economics department and the department of finance-law have significant resources which will contribute to the strength of the proposed program.

Budgetary Impact

Portland State University analyzes instructional costs for the graduate program in taxation on p. 26a of the request. The proportion of salaries of the three tax specialists in the department of accounting allocable to the five graduate tax sections they would continue to teach is figured at $10,833. Cost to the department of five sections of graduate tax courses taught by adjunct faculty is $5,000 ($1,000 per section). The total annual faculty salary cost to the department, then, for the 10 sections of advanced tax courses offered during 1977-78 was $15,833. The added instructional cost for expanding the program to 15 sections, as contemplated in the master of taxation proposal, is $5,100, as shown on the budget summary, $5,000 for five additional class sections taught by adjunct professors and $100 for supporting supplies and services.

Portland State University relies on use of adjunct professors to enhance its instructional programs in highly specialized or technical areas and to provide flexibility in staffing. The $5,000 used to hire adjunct professors to offer five specialized courses in taxation quite obviously cannot be used to hire adjunct professors to offer course work in an area of lesser demand. Student interests in the Portland area are shifting and, insofar as possible within its instructional resources, Portland State University adjusts its class schedules accordingly.

The program has full approval of the institution and is expected to be offered within the institution's regular instructional budget.

Impact on Other Programs at PSU

Portland State University has reviewed the impact of the proposed master of taxation program on other programs of the institution and reached the following conclusions (pp. 7a-8a of the request):
Portland State University expects that most who enroll in the proposed program would not have come to Portland State University except for this program.

Since fewer than 40 of the 300 students enrolled in Portland State University's master of business administration program any single term have accounting backgrounds meeting admission requirements for the master of taxation program, inauguration of the MT program is expected to have only a modest effect on enrollment in the MBA program.

Students in the MT program will have 15 hours of electives. Some of them will choose courses developed primarily for the MBA program. This increased demand for courses offered for the MBA program is expected to require scheduling of one additional course or course section per year.

Some of the students enrolled in the master of taxation program will elect to complete course work in the economic implications of government spending and taxation policies, developed for the public administration program, or to develop a minor in public administration. Others will wish to complete course work in estate planning and pension plans offered by the department of finance-law. These elections are not expected to impose excessive burdens on the respective departments.

Impact on Other Institutions

The master of taxation program is a recognized degree program which is being offered increasingly in this country, particularly by institutions located in major metropolitan areas. As such it is an important and appropriate addition to the offerings of Portland State University. The inauguration of this program is approved of by other institutions of the State System, the business community, and all independent colleges and universities of the state who responded to our request to review the program. (Appendix II, pp. 33a-43a of the full report reproduces letters in support of the program from business and industrial firms in the Portland metropolitan area. Letters from independent colleges and universities in the Portland area, received in the Board's Office, are reproduced following the Portland State presentation, pp. 51a-55a of the full report).

While some pre-service students may choose to enroll in the master of taxation program at Portland State University in preference to MA/MS or master of business administration programs at other institutions, most of the students are expected to be professional persons employed in the Portland metropolitan area in fields of public accounting, law, industrial and commercial accounting, and government service, who wish a very specialized program of study offered at hours convenient to their work schedule and at a location within commuting distance of their homes. For this reason, the effect of inauguration of the new program on enrollments in master's degree programs in business elsewhere in the state is expected to be minimal.

Some concerns have been expressed about Portland State's statement, on pp. 12a-13a of the request, that once the master of taxation degree is in successful operation, Portland State University intends to assess demand for and possibly propose a master of professional accounting degree program. Both the University of Oregon and Oregon State University have long-time interests in the preparation of entry-level accountants and the University of Oregon offers extensive advanced work in the area as well as a two-year master of science program in accounting for persons with little or no background in the subject. These concerns, which would be reviewed fully at such a time as a program in professional accounting were forwarded to the Board for its consideration, do not pertain to the present program proposal, however.
Proposed for Modification of 1970 Joint Agreement Between SBHE and SBE

(Considered by Committee on Instruction, Research, and Public Service Programs, August 25, 1978; present—Carpenter, Feves, Harms, Thorp, and Wyss.)

Staff Recommendation to the Committee

The Board's Office recommended Board approval of the proposed changes. They will provide the means for the continued maintenance of effective working relationships between the State System institutions and the community colleges and between the colleges/universities and the secondary schools.

Discussion and Recommendation by the Committee

On the request of Mrs. Carpenter and Mr. Harms, Dr. Romney made a brief presentation of the changes in the 1970 Joint Agreement between the State Board of Higher Education and the State Board of Education proposed by the Task Force on Postsecondary Education.

Dr. Romney drew attention to: (1) The General Guidelines set forth in the Agreement; (2) the provisions for coordination of off-campus activities of the two- and four-year colleges and universities and the educational activities of other agencies (e.g., community schools, park and recreation districts, YMCA/YWCA); and (3) Appendices A and B in Supplement A, which describe selected activities being carried on in Oregon to coordinate the programs of the public two- and four-year colleges and universities and to coordinate secondary/postsecondary education in Oregon.

He noted some slight changes in language that had been made in the proposal since the last meeting of the Task Force in early August, and presented the members of the Board with copies of replacement pages 6 and 9 incorporating the changed language.

In discussing the allocation of selected aspects of off-campus education to specific agencies under the jurisdiction of the two boards, Dr. Romney drew attention to the provision under item 8 of the general guidelines which asserts that "Lower-division academic credit courses offered off-campus are the primary responsibility of the community colleges and/or area education districts in regions included within community college and area education districts. . . ." He noted that this agreement has guided the two- and four-year institutions since it was arrived at in 1970.

He said, however, that some difference in interpretation of that sentence had arisen as between the State System and the community colleges/State Department of Education in the case of the North Clackamas High School cooperative program being carried on in cooperation with Portland State University. Under that program, Portland State University is working with North Clackamas High School in validating and assisting a few selected North Clackamas High School teachers so that they can teach a few lower-division courses for the benefit of the more able students at the high school, with a record of the courses completed being placed on Portland State University transcripts with Portland State University course numbers and credits. Portland State University faculty work with the high school teachers thus validated to assist them so as to assure that the quality of the courses being thus offered are the equivalent in content and quality of similar courses offered by Portland State University on campus. Students have access to the Portland State University library.

The community colleges and State Department of Education feel that this arrangement is in violation of the agreement that the State System institutions will not offer lower-division courses off-campus in areas within community college districts without approval of the community colleges. The State System considers that the North Clackamas High School arrangement is
in the nature of an advanced placement program and does not violate the agreement. Dr. Romney noted that two different committees had been appointed by the State System/Community College Coordinating Committee to explore the issue and report their findings. The first committee reported that upon a more thorough consideration, the committee had agreed that there was no real conflict in the North Clackamas situation and that, hence, Portland State University or other four-year schools or community colleges ought to assist with such programs if they wish. The second committee, established at the instance again of the community colleges, recommended that Portland State University be asked, after a period of two years, to discontinue this service to North Clackamas High School. The State System/Community College Coordinating Committee endorsed the recommendation of the foregoing committee and transmitted its recommendation to the State Department of Higher Education and the State Department of Education. Subsequent thereto, North Clackamas and Beaverton school districts wrote to the State Department of Higher Education indicating that the school districts felt they had been badly dealt with in that they had had no opportunity to present their views on this issue. Dr. Romney said that he was arranging a meeting with the State Department personnel and the high school representatives at which the high school personnel would be able to make clear their views.

Chancellor Lieuallen and President Blumel asserted that they viewed the North Clackamas courses as being in the nature of advanced placement courses in which the high school was seeking the assistance of Portland State University in validating and giving credibility to the work being offered. The high school is merely exercising its right to request assistance from any institution or agency it wishes. President Blumel emphasized that Portland State University gets no funding entitlement for the credit hours generated in these advanced placement courses; that Portland State University is offering a service at the request of the high school merely to be helpful to the high school. Dr. Romney read from a letter from North Clackamas which cited the institutions to which the students in these courses subsequently enrolled. It is clear that the bulk of the students do not enroll at Portland State University but go to other public and independent four-year colleges and universities or to the community colleges.

President MacVicar suggested that the section on coordination might be read to imply that the only persons charged with the responsibility of convening coordinating meetings are the presidents of the public four-year colleges and universities (see third paragraph, p. S-10). Dr. Romney indicated that was not the intent of the Task Force; that these presidents would have a primary responsibility for convening a meeting of the presidents of the two- and four-year institutions in those areas of the state in which the public four-year institutions have a major responsibility for offering off-campus instruction. But, as noted, at the bottom of p. S-9 of the Task Force recommendations, the presidents of community college districts would certainly be authorized to convene local meetings in areas served primarily by the community college, as for instance in the Ontario area in which Treasure Valley is the key postsecondary education unit, or at Astoria where Clatsop Community College might be expected to take the initiative.

President Leinwand reported that there are two specific kinds of problem areas of which he is aware--(1) the definition of what is appropriately a lower-division course or program and what is appropriately upper-division; and (2) the expectations that community colleges appear to have that their students which are admitted to the four-year institutions ought to be assured that they can complete baccalaureate degree requirements in two years following transfer from a community college two-year program. He noted that often this is not possible, particularly when community college transfer students have taken vocational-technical courses rather than college-transfer courses in the community colleges.
Mrs. Johnson of the Coordinating Commission asked to whom the community college representatives on the State System/Community College Coordinating Committee report. Dr. Romney reported that initially—for the first half dozen years of the committee's existence—they had been appointed by, and reported to, the community college presidents' association, but that for the past three or four years they have been appointed by, and have reported to, the State Department of Education.

Mr. Harms noted that, as the attorney for the Lane Community College, he had had frequent occasion to be acquainted with the community college attitude toward the State System/Community College Coordinating Committee, and that it was his experience that the Committee was well thought of as a forum in which the problems of articulation could be worked out effectively. He also commented on the work of the Task Force on Postsecondary Education, noting that representatives of the North Clackamas High School (parents and school personnel) had attended several of the Task Force meetings to express their desire to be permitted to continue to seek and to accept the assistance of Portland State University in their program for the more able students. He said that he felt that the Board's Committee ought to recommend to the Board that, in adopting the Task Force's proposed changes in the Joint Agreement, they make clear that they do not interpret the North Clackamas, or similar cases, as being in violation of the joint agreement between the two Boards.

Mrs. Johnson expressed dismay at what she referred to as remedial work being offered in the public four-year institutions and urged that the two State Boards work together to bring about changes in the high school programs and in the programs offered in the public four-year institutions to assure that the latter do not spend time offering sub-collegiate remedial work aimed at remedying the elementary and secondary school background of students admitted into the colleges and universities. She said that she felt the high schools would respond in this respect to action taken by the colleges and universities.

Mrs. Carpenter observed that the State System institutions consider the sub-collegiate remedial courses they currently offer to be only stop-gap measures and not something that should become institutionalized. She expressed the view that in a multiplicity of ways attention is being drawn to the problems of which these remedial courses are illustrative and that solutions are being sought.

Mrs. Carpenter commented that the provisions for coordination of off-campus course offerings as described in the Task Force recommendations seem complex but that given the problems of coordination, perhaps there is a simpler way in which to achieve the same end. Mr. Harms noted that complex as they seem, these provisions for coordination are infinitely less complex than those which were written into the 1970 agreement.

Mr. Harms moved that the Board's Committee recommend to the Board approval of the changes in the 1970 Joint Agreement, as proposed by the Task Force on Postsecondary Education, but with a modification to be drafted by the Board's Office to make clear that while the presidents of the public four-year colleges and universities are charged with convening their counter-parts from the independent colleges and universities and the community colleges and representatives of such agencies as the community schools and the park and recreation districts, the presidents of the community colleges may also convene coordinating groups as suggested in the Task Force recommendations at the bottom of p. S9. Upon Mrs. Carpenter's suggestion, Mr. Harms also included in his motion a stipulation that a year hence, a report be prepared for delivery to the Board's Committee indicating how this coordinative effort has worked out in the first year of operation.

The Board's Committee unanimously approved the motion by Mr. Harms.
Board Discussion and Action

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

Staff Report to the Committee

The proposals for change in the joint agreement have grown out of the work of a Task Force on Postsecondary Education which was established in September 1977, with membership from the State Board of Higher Education, the State Board of Education, the Educational Coordinating Commission, and the Legislative Assembly.

Members of the Task Force are:

Mr. Wallace McCrae, State Board of Education, Chairman
Mrs. Wanda Silverman, State Board of Education
Mr. Edward C. Harms, Jr., State Board of Higher Education
Mr. James A. Meyer, Educational Coordinating Commission
Representative Howard Cherry, Oregon Legislative Assembly
Representative Rick Gustafson, Oregon Legislative Assembly

Over the months since its establishment, the Task Force has ranged widely in its discussion of educational issues, but its principal focus has been on (1) the coordination of off-campus credit and non-credit education, and (2) articulation among and between Oregon's colleges and universities, and between the colleges/universities and the secondary schools.

We invite the Board's attention, in particular, to:

- The General Guidelines
- The Statement on Coordination
- Appendices A and B

These materials are included in Supplement A.

General Guidelines

Among the General Guidelines, we invite the Board's attention particularly to items 5 and 8.

Item 5, apart from commending the State System/Community College Coordinating Committee for its contributions to effective articulation between State System institutions and community colleges, lays upon the committee responsibility for seeking to identify ways of improving articulation between the colleges/universities and the secondary schools.

In so doing, the Task Force acknowledges the articulation efforts of the High School-College Relations Council, and asks that in any articulation activities the State System/Community College Coordinating Committee undertakes, it avoid duplicating the activities of the Council.

The Board's Office feels that there are areas in which the interests of the secondary schools and the colleges and universities are joined that would benefit from the articulation efforts of the State System/Community College Coordinating Committee, without in any way encroaching on the articulation efforts of the High School-College Relations Council. The Board's Office

For a description of the High School-College Relations Council, see Appendix B, of the proposed changes in the joint agreement.
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has checked this perception through discussions with Mr. Richard Pizzo, who has been the executive director of the Council since its inception more than a decade ago. He agrees with our perception.

Item 8 clarifies relationships among and between the two- and four-year institutions and provides a framework within which the institutions can work effectively in their off-campus activities, without unnecessary duplication and conflict. It was the last paragraph of item 8 that occasioned the greatest amount of discussion between the Board’s Office and the State Department of Education/Community College presidents. The present language of the last sentence of the last paragraph of item 8 (suggested by Mr. Harms) is wholly acceptable to the Board’s Office and the State Department/Community College presidents.

Coordination

We believe that the provisions for coordination are workable and can be effective. This approach to coordination seems the best of a number of alternatives considered.

Appendices A and B

Appendices A and B in Supplement A are proposed for addition to the joint agreement in order that members of the two Boards may have an understanding of the numerous things that are being done to maintain effective working relationships among and between the public secondary and post-secondary educational segments.

Appointments to Forest Research Laboratory Advisory Committee

(Considered by Committee on Instruction, Research, and Public Service Programs, August 25, 1978; present--Carpenter, Feves, Harms, Thorp and Wyss.)

Staff Recommendation to the Committee

It was recommended that the following individuals be appointed or reappointed to the Forest Research Laboratory Advisory Committee for the terms indicated:

Mr. Frank R. Gilchrist, President, Gilchrist Timber Company, Gilchrist—reappointment for a three-year term, July 1, 1978, to June 30, 1981.

Mr. Robert C. Ingalls, Publisher, Gazette-Times, Corvallis—reappointment for a three-year term, July 1, 1978, to June 30, 1981.


Mr. Don Lee Davidson, President, Davidson Industries, Inc., Mapleton—appointment for a three-year term, July 1, 1978, to June 30, 1981. Mr. Davidson replaces Mr. Amos Horner.

Mr. William Swindells, Jr., Executive Vice President, Willamette Industries, Inc., Portland—appointment for a three-year term, July 1, 1978, to June 30, 1981. Mr. Swindells replaces Mr. Harold Sand.

These individuals have indicated a willingness to serve if the Board approves the appointments and reappointments as recommended.

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 staff report as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Moore, and Wyss. Director Ingalls abstained.

Staff Report to the Committee

In accordance with provisions of ORS 526.225, the Board of Higher Education approved the establishment on June 13, 1961, of two advisory committees at Oregon State University: The Forest Products Research Advisory Committee and the Forest Management Research Advisory Committee. These committees were subsequently merged into the Forest Research Laboratory Advisory Committee at the July 28, 1971, Board meeting.

The 1975 Legislature revised provisions for the Forest Research Laboratory Advisory Committee to add three members representing the "public-at-large." Appointments to these positions were made at the Board meeting on August 26, 1975.

(Considered by Committee on Instruction, Research, and Public Service Programs, August 25, 1978; present--Feves, Harms, Thorp, and Wyss.)

Staff Recommendation to the Committee

The Board’s Office recommended the following admissions requirements for 1979-80 (which are the same as those in effect for 1978-79.)

Oregon Resident Freshmen Admissions Requirements

That the student be required to:

1. Have been graduated¹ from a standard or accredited high school and

2. Meet one of the following requirements:

   UO, OSU

   a. Have a 2.50 high school grade point average or above in all high school subjects taken towards graduation, for admission fall, winter, or spring terms; or

   b. Have a predicted first term GPA (based on a combined measure of high school GPA and scholastic aptitude test scores) of 2.00 or above; or

   c. Have a minimum grade point average of 2.00 in 12 term hours of prescribed course work taken during the summer term at the University of Oregon or Oregon State University, respectively; or

   d. Have a minimum grade point average of 2.00 in 15 term hours of college-level course work taken in an accredited collegiate institution.

¹Students who are graduates of non-standard or unaccredited high schools are admissible at the discretion of the institutions, which take into account high school GPA and/or SAT/ACT test scores. Students who are not high school graduates are admissible on the basis of satisfactory performance on the General Educational Development (GED) test, provided either that their high school class has been graduated, or they are adjudged by the institution to be meritorious cases justifying admission prior to the graduation of their high school class.
PSU, OCE

a. Have a 2.25 grade point average or above, in all high school subjects taken towards graduation to enter fall, winter, spring terms; or
b. Have a minimum combined score of 890 SAT or 20 ACT to enter any term; or
c. Have a minimum grade point average of 2.00 in 12 term hours of college-level work taken in an accredited collegiate institution, or in 9 term hours of a prescribed program in a regular collegiate summer school.

SOSC, EOSC, OIT

a. Have a 2.00 grade point average or above in all high school subjects taken towards graduation to enter fall, winter, spring terms; or
b. Have a minimum combined score of 880 SAT or 20 ACT to enter fall, winter, or spring terms; or
c. Have a minimum grade point average of 2.00 in 12 term hours of college-level work taken in an accredited collegiate institution, or in 9 term hours of a prescribed program in a regular collegiate summer school.

Nonresident Freshmen Admissions Requirements

Nonresident students must:

1. Have been graduated from an accredited high school and
2. Meet one of the following:

UO, OSU, PSU

a. Have a 2.75 grade point average in all high school subjects taken towards graduation to enter fall, winter, and spring terms; or
b. Have a 2.25 grade point average or above and a predicted first term GPA (based on a combined measure of high school GPA and scholastic aptitude test scores) of 2.10 or above; or
c. Have a minimum grade point average of 2.00 in 12 term hours of prescribed course work taken during the summer term at the University of Oregon, Oregon State University, or Portland State University, respectively; or
d. Have a minimum grade point average of 2.00 in 15 term hours of college-level work taken in an accredited collegiate institution.

SOSC, OCE, EOSC

a. Have a 2.50 grade point average in all high school subjects taken towards graduation to enter fall, winter, spring terms; or
b. Have a minimum combined score of 950 SAT or 22 ACT; or
c. Have a minimum grade point average of 2.00 in 12 term hours of college-level course work taken in an accredited collegiate institution of in 9 term hours of a prescribed program in a regular collegiate summer term.
OIT

a. Have a 2.00 grade point average in all high school subjects taken towards graduation to enter fall, winter, spring terms; or

b. Have a minimum combined score of 880 SAT or 20 ACT; or

c. Have a minimum grade point average of 2.00 in 12 term hours of college-level course work taken in an accredited collegiate institution or in 9 term hours in a prescribed program in a regular collegiate summer term.

There are no summer term admissions requirements.

Discussion and Recommendation by the Committee

Dr. Romney made a brief presentation of the report on admissions requirements for 1979-80. He ended his presentation by reporting that the Board's Office recommended that the admissions requirements as set forth above be continued for 1979-80. Supplement B includes a discussion of selected questions related to admission requirements.

President Sours stated that he agreed substantially with the Board's Office report and recommendation but that he did wish to inquire as to the need for retaining at Southern Oregon State College a 2.50 admissions requirement for out-of-state students. He noted that at the time that admissions requirement was established, Southern Oregon State College was pressed for space and out-of-state students were then not paying the full direct cost of instruction. Now, he noted, Southern Oregon State College has unused space and out-of-state undergraduate students are paying in tuition the full direct costs of their instruction. He suggested that the Board might wish at some point to consider admitting out-of-state students on the basis of a 2.0 high school grade point average, enabling Southern Oregon State College to serve some California students that it now cannot under its present admissions requirements.

Mrs. Carpenter asked what remedial problems Southern Oregon State College has as a result of admitting students on the basis of a 2.0 high school grade point average. President Sours reported that an attrition study just recently completed at Southern Oregon State College revealed that the SAT mean score of the students who persisted at Southern Oregon State College was 865 compared to 827 for those who dropped out. He said that Southern Oregon State College is performing something of a community college role, in addition to its role as a liberal arts college with selected professional programs.

President MacVicar reported that Oregon State University supports the Board's Office recommendation on admissions requirements for 1979-80. He then commented that he did not feel that an institution such as Oregon State University, which has the only curricular allocation in a number of fields (e.g., agriculture, engineering, forestry, home economics) ought to have highly-selective admissions requirements. He said that he felt that Oregon State University must have modest standards that lead to a quality education. He had asked his staff to analyze what happened to freshman entering Oregon State University last year with a high school grade point average of 2.75 or lower. (The admissions requirement at Oregon State University is currently 2.5.)

There was a total of 372 students with a 2.75 GPA or less who entered Oregon State University fall term 1977. Of these 372, 159 had a GPA of less than 2.0 at the close of their freshman year, and 213 had a GPA of 2.0 or higher. Dividing 159 into 213 gives an index of 1.34, he said.
Then, he said, he considered what would have happened had Oregon State University had an admissions requirement of a 2.75 GPA rather than a 2.50 GPA. There was a total of 263 students who entered Oregon State University fall term 1977 with high school GPA's ranging from 2.50 to 2.74. Of these, 113 had less than 2.0 at the end of the year and 150 had a 2.0 GPA or more. Dividing 113 into 150 yields an index of 1.33. He concluded from these data, he said, that to have raised the admissions requirement to 2.75 at Oregon State University would not have made any significant improvement in the quality of the institution. He had concluded, he said, that, given the mission of Oregon State University and the data analysis thus far made, he had no other option than to support the position of the Board's Office that for Oregon State University the admissions requirements should remain unchanged for 1979-80.

Then, he said, Oregon State University had examined into the failure rate of students. During 1975-76, 1976-77, and 1977-78, Oregon State University suspended for academic reasons 307, 338, and 319 students, respectively. Statistically speaking, Oregon State University is on a constant plane. Of the 319 students dismissed for academic reasons in 1977-78, 74 were freshmen. When he examined the high school GPA's of these 74 freshmen and plotted them on a graph with the high school grades on one axis and University grades on the other, he found there was little correlation between high school GPA and University grades earned. He said that what this suggested to him is that the reasons students do not succeed in the University are so complex, so related to factors which are many and varied and often highly individualized, that to single out one specific criterion (high school GPA) and hang everything on it is inappropriate. He believes that the 2.50 GPA admissions requirements represents a practical differential between Oregon State University and the University of Oregon on the one hand, and other units in the State System on the other, and results in the diversion of some students wisely from one institution in the State System to another.

He emphasized that in the foregoing figures, one is dealing with very limited groups (those with 2.75 high school GPA's or less, and those with high school GPA's lying between 2.50 and 2.74). When, however, one considers the total range of entering freshmen (including students with high school GPA's up to 4.0), the relationships between high school GPA and University achievement shows up. This is the reason why the high school GPA is the best single predictor of success in college. He said that Oregon State University is now making individual analyses of those students who entered the University with respectable high school GPA's and who were dismissed for academic reasons to see if it is possible to spot the reasons for their failure to achieve.

Dr. MacVicar said that it was his considered judgment that any reasonable increase in admissions requirements (i.e., raising the requirement from 2.50 to 2.75, for instance) would not make any significant qualitative improvement in Oregon State University and would not, in fact, screen out students in a significant way whose likelihood of success is significantly different from those that Oregon State University now admits. He said that Oregon State University will continue to examine this issue, as other institutions are doing.

Responding to a question from Mrs. Feves, President MacVicar noted that he felt that average grades peaked about five years ago and are very gradually declining at a rate of probably 3 to 4 hundredths of a grade point from the peak to the past year's average.

There ensued some discussion of the question of the reduction of nonresident undergraduate admissions requirements at Southern Oregon State College from the current 2.50 to 2.0. Dr. Romney noted that the admissions requirements for nonresidents were originally set higher than for residents because admission of nonresidents into the State System institutions was
aimed at providing a more cosmopolitan, less parochial student body, which it was felt would provide a richer learning environment for students attending Oregon institutions.

Mr. Harms proposed that the State Board of Education be advised that it is the State Board of Higher Education's present intention to require no later than 1982-83 (subsequently changed to 1983-84,) that the following courses be completed by high school students as a prerequisite to admission to all State System institutions:

- 4 years of English (including 1 year of writing)
- 4 years of social science (including 1 year of U. S. History)
- 2 years of science
- 3 years of mathematics, or 2 years of a foreign language and 1 year of mathematics

Mr. Wyss observed that Mr. Harms' proposed requirements are very much like the high school course configuration recommended for college-bound youth by the Board's Office as set forth on page 28 of the August 25, 1978, report to the Board on admissions requirements, and as set forth immediately below. (With the financial assistance of the State Department of Education, the State System and the State Department of Education distributed 60,000 copies of the document containing these recommendations -- "Preparing for College" -- to eighth, ninth, and tenth grade students throughout Oregon in 1977-78.)

- 4 years of English (including 1 year of writing)
- 3 years of social science (including 1 year of U. S. History)
- 2 years of science
- 3 years of mathematics
- 2 years of foreign language
- 1 year of typing or demonstrated ability to type

Mr. Harms commented that his proposal was not necessarily aimed at providing a better predictor of academic success, or perhaps even of increasing admissions requirements, but it is aimed at improving the quality of students admitted to State System institutions and the quality of instruction made possible by a more select student body. Fewer remedial courses will be required in the colleges and universities, as a result, he noted.

In the ensuing discussion, a variety of issues were raised, as follows:

Do the high schools of Oregon all offer the courses requisite to meeting Mr. Harms' proposed requirements? Dr. Romney noted that Oregon has a substantial number of small high schools, and that before the Board takes action to require a given configuration of high school courses as a basis for admission to State System institutions, it should be known whether students in our high schools would have available to them the requisite courses for meeting the requirements. He noted that Oregon has 250 high schools (public and non-public) and that one-third of them have fewer than 50 seniors, and one-half of them have fewer than 100 seniors. Mrs. Carpenter and Mrs. Feves noted that many of the smaller high schools do not offer foreign language opportunities at all.

Is the configuration of courses proposed by Mr. Harms desirable one for all students? Mrs. Feves urged that much more flexibility is needed than Mr. Harms' proposal would allow, if students of diverse interests are to be well served. She alluded to the special needs of students with an interest in fine arts, whom she said would be better served by a program different than that envisioned by Mr. Harms.
Mrs. Carpenter and Mrs. Feves both urged that before the Board takes action on Mr. Harms' proposal, the implications of the proposal be fully explored by the Board's staff in concert with the State Department of Education and various secondary education groups.

President MacVicar asserted that there is no single ideal curriculum, that there never has been and there never will be, because people are so different. Certain fundamental skills are relevant to the academic enterprise, he said, but there is such a diversity of opportunities in higher education that to say that this pattern is the only one that can admit students to our diverse institutions and their widely varying programs is to abandon what we have been committed to in public higher education since the establishment of the high school. It would be to revert to the academy again after experience with comprehensive high schools. Mr. Harms' proposal is reacting to excessive permissiveness, proliferation of curricula, mini-courses and the like, President MacVicar said, but we must avoid going to the opposite extreme. The curriculum proposed by Mr. Harms may not be the best curriculum for a person wishing to major in music, art, or theater, or wide-ranging curricular areas authorized by the institutions by the Board. The whole area of aesthetic awareness is inadequately dealt with in the proposed high school course requirements.

Mr. Harms commented that the high school courses he was proposing be required for admission into State System institutions are really—with small exceptions—the same courses the Board's Office recommends for college-bound high school students in its publication "Preparation for College."

The question was raised as to whether Mr. Harms intended that these high school course requirements be prerequisites for entry into the regional schools (SOSC, EOSC), and whether he would propose there be alternate ways for students to gain entrance to State System institutions without having completed these courses. He responded in the affirmative on both counts.

Is it not desirable and necessary that the Board's Office and the Board—in cooperation with the State Department of Education and representatives of secondary education in Oregon—give thoughtful attention to the implications and likely results of the proposed course of action before the Board is asked to take final action on the proposal?

Mrs. Carpenter urged that if the Board's Committee is interested in recommending to the Board that the Board consider adopting a requirement similar to that proposed by Mr. Harms, there be allowed time in which the Board's Office may establish procedures for and benefit from discussion of the repercussions of such a proposal with at least the major diverse groups that have a legitimate interest in such a matter.

Mr. Wyss commented that if the Board were interested in considering a proposal such as that set forth by Mr. Harms, some clarification would be necessary as to the meaning of English and social studies. Presently, in many high schools, a wide variety of courses is offered under each of those headings.

Dr. Romney noted that the probable impact of the proposed requirement does need to be explored with the State Department of Education and the various secondary education groups (counselors, administrators, teachers). The configuration of high school courses proposed by Mr. Harms, constitutes 13 units. When other
requirements laid upon the high school student by the State Board of Education (one unit each of physical education and health, and one unit each of personal finance and career education) are counted, there remain 4 units of electives to attain the 21 units required for graduation. Actually, since there are generally 6 periods per day in high school, a student conceivably could earn in six periods over a four-year span (9th through 12th grade) some 24 units, resulting in a total of 7 elective units of a total of 24. The State System’s relationships with secondary school personnel and with the State Department of Education make it vital that there be time for discussion of these matters before definitive action is taken by the Board.

Mr. Harms said that it was his intent that there should be a full discussion of his proposal with all interested groups and an opportunity for the Board’s Office to return to the Board with its analysis of this proposal and the likely impact of the proposal before the Board would be asked to take any definitive action on it. However, he said he would like to have the Board signal its likely intent to adopt some such requirement, if after further Board’s Office analysis of it and examination of it with other interested groups, the Board thinks such action would be wise. He would suggest, he said, that such a proposal, if adopted by the Board, be made effective fall term 1983-84, some five years hence, to permit beginning high school students (9th grade) to take the requirement into account in their planning of their high school programs.

Mr. Harms moved that the Board signal its likely intention to require completion of a specific configuration of high school courses (i.e. 4 years of English, including 1 year of writing; 4 years of social science, including 1 year of U.S. history; 2 years of science; and 3 years of mathematics or 1 year of mathematics and two years of a foreign language) as the basis for admission into the State System institutions by 1983-84.

Mr. Thorp stated that he thought the Board’s Committee was being premature in proposing such a course of action prior to having examined it more thoroughly and having given other affected agencies and individuals an opportunity to discuss with the Board their views of the proposal. Mr. Wyss likened the situation to citizens faced with Proposition 6 without other alternatives. He said that he would vote in favor of such a proposal in order to see what comes out of it. Mr. Harms again said that he looked upon his proposal as merely the starting point for discussion, and stated that he felt that an expression of interest by the Board in considering this course of action would set in motion a review by the Board’s staff of the implications of such action and possible other alternative courses of action that the Board ought to examine before making a firm decision on this proposal.

The Committee adopted Mr. Harms’ motion unanimously.

Dr. Romney said that the Board’s Office would prepare an analysis of the proposal and would initiate discussions with other agencies and individuals having an interest in or likely to be affected by the proposal if it were to be adopted by the Board.

Mr. Harms then moved the adoption of the 1979-80 admissions requirements as recommended by the Board’s Office.

There followed some discussion of the feasibility and desirability of reducing the admissions requirements for nonresident students desiring to attend Southern Oregon State College from the current 2.50 high school GPA to a 2.00 GPA. Mr. Nahum Chandler, president of the Southern Oregon State College student body spoke in favor of the change, observing that the
current admissions requirements were adopted when Southern Oregon State College was short of space; when Southern Oregon State College was in a state of growth, not stabilization or declining growth; when nonresident students were not required to pay the full cost of their education as they now do.

Mr. Thorp moved an amendment to Mr. Harms' motion which would have lowered the admissions requirements at Southern Oregon State College for nonresident students from 2.50 to 2.00. The amendment was defeated.

The Committee then voted on Mr. Harms' motion and it was adopted with Mr. Wyss dissenting. Mr. Wyss said that he felt an outmoded funding system was being allowed to influence unwisely the State System's admissions requirements with the result that admissions requirements are lower than he thinks they should be.

Board Discussion and Action

In presenting the Committee report, Mr. Harms indicated that it was his intention to have the staff analyze the impact of the proposed course requirements, but the proposed requirements were not finalized at this point. He said the requirements proposed in his motion might not be the best requirements or even the best solution. One alternative that Mr. Harms said had been brought to his attention would require either courses in certain areas—such as English, mathematics, general studies—and a required grade-point-average or competency tests in those courses alone at a level to be established.

Mr. Harms moved that the Board approve the 1979-80 admissions requirements as recommended and at the same time indicate its present intention to require that the following courses be completed by high school students as a prerequisite to admission to all State System institutions:

- 4 years of English (including 1 year of writing)
- 4 years of social science (including 1 year of U.S. history)
- 2 years of science
- 3 years of mathematics, or 2 years of a foreign language and 1 of mathematics.

It was understood also that there should be a full discussion of the proposal with all interested groups and an opportunity for the Board's staff to return to the Board with an analysis of the proposal and its likely impact before the Board would actually adopt such a requirement.

It was agreed that the motion would be separated into two parts, one dealing with the 1979-80 admissions requirements, and the other dealing with the specific course requirements.

The Board approved the 1979-80 admissions requirements as recommended, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, and Moore. Those voting no: Director Wyss.

Mrs. Feves asked whether part of the objection to the current admissions standards was the fact that students enter the institutions unprepared and the state must provide remedial courses at considerable cost.

Mr. Harms said that was part of his concern.

Mrs. Feves suggested the possibility of alleviating this problem by charging full cost for any remedial courses that a student must take.

Mr. Harms said he would not favor that solution because it would have an impact on enrollment. However, it would be something that could be considered by the Board's staff in making its analysis.
Mrs. Feves said fiscal implications will be very important in the next few years. At the same time it is necessary to consider the diverse range of students, human talent and interests which might not be served under the proposed requirements. She urged flexibility to meet the needs of people served by multipurpose institutions.

Mr. Ater proposed that there be a time period on the analysis and discussion so that the ultimate direction would be known well in advance of the implementation of any change in standards.

Mr. Harms agreed to include in his motion a one-year time period for development of the staff report.

Mr. Batiste said it was premature to announce the Board's intention of establishing these requirements prior to completion of the study.

Mrs. Carpenter said the motion by Mr. Harms was addressing a concern shared by all Board members—the quality of preparation of high school students entering college. She said she agreed with Mr. Batiste it would be a mistake to prejudge the results of the study. She said she would favor indicating that the Board wished to make a very in-depth inquiry into what produces quality preparation, what motivates it, and how to secure better preparation of students entering the four-year institutions. If a statement is made in advance which indicates what is expected from a study, the study is discredited before it starts. However, Mrs. Carpenter said, if the study starts with an intensive, honest inquiry into what will produce the best possible preparation of high school students, or multiple approaches to deal with all the complexities of preparation, the Board would be doing something very important and carrying out the spirit of the motion by Mr. Harms.

Mr. Ater said there was a second issue behind the whole concept of requiring courses and that is whether there is a common cultural basis which underlies the claim of being an educated person. Does the Board want to insure that at least the majority of people, with perhaps some exceptions for unusual talent, who are coming into higher education are entering with a common cultural base. Mr. Ater said that might be quite apart from the question of their ability or the preparation to do college work.

Mr. Anderson said the question of likely intention was troublesome because it almost precludes the possibility of any change from the courses specified in the motion. He said he would like to see the words changed to goal. This, together with a certain time specification, would provide a target but would be more flexible than "likely intention." Mr. Anderson said that reference had been made to alternatives and suggested that the motion should contain reference to the study of possible alternatives to the course specifications that would indicate sufficient proficiency to handle college work.

Mr. Harms said if the discussion produced language or modifications to the motion which he considered superior to his present motion, he would vote for such a revised motion.

Mr. Ingalls asked whether any of the proposed courses could be given at a lower level than high school so that there would be more time for electives at the high school level.

Mr. Harms said he would like the staff to include that information in the report.
Mr. Ingalls asked Mr. Harms what changes he might make in the proposed requirements. Mr. Harms said perhaps the two years of science, two years of mathematics or two years of foreign language and one year of mathematics would be too much. He said he would not make any change in the English and social science requirements as stated in his motion because there is considerable flexibility in those credits.

Mr. Ingalls asked Mr. Harms how he would respond to the objections expressed by Dr. MacVicar and Dr. Romney at the time of the Committee discussion.

Mr. Harms said, in his opinion, their answers were largely referring to flexibility and the proposed courses would be somewhat inflexible by present-day standards. He noted, however, that there is some room for activities.

President Boyd suggested that the Board might direct the Chancellor to have the presidents of the institutions be responsible for conducting public hearings for public school people in the communities adjacent to the institutions. This would give a simultaneous opportunity for those interested in public school curriculum to express their views.

President Boyd said the percentage of students entering college is presently a declining percentage of the whole. Those who do come still have an opportunity to correct any inadequacies. The real problem is that if there is a body of knowledge that everyone should have, educators should be very sure that students who do not go to college receive a high school curriculum that permits them to share in whatever common culture, common values, or skills are required to make the democracy work. Altering the college preparatory sequence may have an adverse effect on the remainder of the high school curriculum in terms of public policy and social consequence.

President Boyd said he disagreed with the statement by President MacVicar that admissions standards were level. He said he did not see any evidence that the escalation of grades stopped five years ago although it may have done so now. He said admissions standards are declining and if 2.5 was appropriate at the time it was adopted, the standard should be 2.5 or 2.7 now. President Boyd said if the University of Oregon were to raise its admissions standards to 2.75 grade-point-average, those who did not meet that standard would go elsewhere. The choice might well be an institution which was more congenial to someone whose motivation, academic ability, or scholastic preparation was not adequate for the more demanding program. The more demanding program would become a more effective program for the students who were highly motivated. The State System would be a better and richer system for having a differentiation because it would have created some academically stronger and more stimulating and exciting programs for highly motivated students. The number of students in the total State System probably would not be changed at all, and some changes in the distribution would not be likely to have disastrous effects on any institution.

President Boyd commented that his discussions last year with high school principals concerning admissions requirements led him to believe that some course requirements would be welcomed at most high schools. President Boyd said these discussions also led him to believe that grade-point standards in those courses considered to be college preparatory would be desirable.

Dr. Romney said that arrangements have been made for a series of counselor workshops around the state. A survey is being conducted which will offer them an opportunity to respond to a series of questions as to their judgment about alternative approaches to admissions policies, and in particular to the policy question raised earlier with respect to the college preparatory program. Admissions requirements were discussed at a meeting with the Secondary School Principals Association and it would be desirable also to confer with superintendents and students.
A major study is being undertaken through a national commission appointed by the College Entrance Examination Board. Preliminary reports are anticipated in April, the preliminary final report in July, and the final report in October. The study will describe the practices across the country and some of the evidence upon which the institutions base their policies. Sources in Washington and California may be able to provide additional information.

It was indicated that rank in class would add some refinement to the use of the grade-point-average and would tend to end the escalating curve in grade inflation.

Mr. Wallace McCrae, a member of the State Board of Education, suggested that the admissions question be an agenda item for the next joint meeting. He said it would be valuable for the Board of Education to have the benefit of the discussions which had occurred or which would take place as a result of the proposed studies.

Mr. Ater said President Boyd had referred again to the possibility of raising the admissions requirement for the University of Oregon and encouraged him to develop a proposal as one of the alternatives for the Board to consider.

Mr. Wyss asked how President Boyd would preserve the FTE for funding purposes.

President Boyd responded that he would look to the Board for protection of funds for a decent experimental interval, kept at a level where the amount of money would not jeopardize the health of the other institutions in the State System, and with some prior agreements about how long the experiment would continue. President Boyd said it was his belief that if the University of Oregon were to demonstrate that it would have the kind of academic program which would then be possible, students who are now going out of state would be attracted to the University of Oregon. He suggested four years might be an appropriate experimental period.

Mrs. Carpenter suggested that the motion be phrased to indicate that the Board wanted a state-wide dialogue on the whole subject of admissions to post-secondary institutions, and that the more people who are involved in the discussions, the more universally the decisions will be understood and accepted, and the greater the encouragement and support will be for variations and experiments. Mrs. Carpenter said if there is no prejudgment in any way, the Board could be embarking on a very open and important discussion.

Mr. Ater said Mrs. Carpenter had articulated an important part of the decision in expressing the need to encourage, by formal public hearing or otherwise, dialogue on this question. He said that would be the first part of a suggested motion. In addition, Mr. Ater said he would propose the following language: The Board expects to decide by August 1, 1979, whether to change admission requirements to some or all of the State System institutions to be effective in the fall of 1983 in one or more of the following respects--to require that designated curriculum be completed as a prerequisite to admissions; to require a certain grade-point-average in a designated curriculum; to use rank in class as one criterion for admission; or to provide alternative admission requirements for uniquely talented or handicapped students.

Mrs. Feves asked why it was necessary to specify what would be decided until the study is completed.
Mr. Harms said admissions requirements were discussed annually and he wanted the staff to start from a certain point and give the Board information on what a specific proposal would do and to propose alternatives. He said if the Board did not approve his motion he would probably support the one suggested by Mr. Ater.

The Chancellor asked for clarification on whether 1983-84 is when the graduates must be qualified or when the requirements go into effect. If it refers to when the graduates have to be qualified, there would only be one more year before the announcement would need to be made to the high schools.

Mr. Harms said he would want the Board's staff to report to the Board on that matter.

Mr. Harms' motion was defeated by a vote of five to four. Those voting in favor were Directors Ater, Harms, Ingalls, and Wyss. Those voting no were Directors Anderson, Batiste, Carpenter, Feves, and Moore.

Mr. Anderson moved that the Board recognize that there is a need for modification in admission requirements to its member institutions and that the staff be directed to undertake a study which would include public comment that would address specifically (1) high school curriculum content as it applies to college preparation; (2) alternatives which would indicate the proficiencies for college entrance, such as SAT scores, standing in class, and grade-point-average, and such other alternatives as the staff may prepare or recommend; and (3) that the study be brought back to the Board within one year.

Mr. Wyss said the motion should also contain a reference to what would happen unless the Board was satisfied with the study because issues can be studied indefinitely without any action occurring.

Mr. Harms explained that this concern had been part of his reason for being so specific in his proposal. However, he said he had confidence that having had this discussion something would in fact happen to the extent that the Board would have some specific proposals before it to consider regarding changes in admissions requirements.

The Board approved the motion by Mr. Anderson, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, and Moore. Director Wyss voted no.

Amendments to Administrative Rules 580-11-025 (31.130), 580-41-010
(Considered by Committee on Finance, Administration, and Physical Plant, August 25, 1978; present--Perry, Batiste, and Moore.)

Staff Recommendation to the Committee
It was recommended that the Board adopt, following public hearing if requested, the following changes to its Administrative Rules:

1. Repeal AR 31.130 "Self-Liquidating Concept for Student Housing" (New No. 580-11-025)

2. Repeal IMD 61.043 "Receivables" and adopt a new AR 580-41-010.

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 staff recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

1. Repeal of AR 31.130 (580-11-025)

In adopting the new Administrative Rules, it seemed appropriate to hold substantive change to a minimum. AR 31.130 (580-11-025) is a Rule which is in essence an Internal Management Directive. It is archaic in its references to "depreciation" (which cannot be usefully applied in state accounting practice). Further, it adds nothing to the concepts described in AR 31.120 (580-11-020) and 31.140 (580-11-030) and IMD 70.135.

The following are the sections referred to:

AR 31.130 (580-11-025) -- To be repealed.

Self-Liquidating Concept for Student Housing

(1) The self-liquidating concept, as applied to student housing, anticipates that net income shall be sufficient to meet depreciation costs on buildings and structures as well as to provide a reasonable return on the capital investment value. Determination of "reasonable return" shall be based on:

(a) The estimated current market value of the land;
(b) The estimated cost of replacing the facilities and equipment which usually will be related to the value at which insured;
(c) The composite interest rate of Board bond borrowings under Article XI-F(1) of the Oregon Constitution.

(2) This "reasonable return," plus the money set aside to meet building depreciation costs, will be available for debt service where applicable, thereby meeting the self-liquidating requirement of the Oregon Constitution.

AR 31.120 (580-11-020) -- To be retained.

Self-Supporting Concept for Student Housing

(1) The self-supporting concept, as applied to student housing, anticipates that there shall be sufficient total income from service charges to pay all direct costs and designated apportioned major physical plant costs. The apportioned costs include those for heat, utilities, repairs, insurance and grounds maintenance. The remaining income shall be identified as "net income."

(2) In recognition of the regular and frequent use of housing facilities for general institutional purposes, housing income is not to be charged for minor physical plant costs or for apportionment of institutional and Board's Office administrative costs.

AR 31.140 (580-11-030) -- To be retained.

Rates of Charge for Student Housing

(1) Student housing charges shall provide sufficient income to make each category of housing--family housing, residence halls, and cooperative housing--self-supporting and self-liquidating. Under exceptional
circumstances the Chancellor may authorize the use of income from one category to support the operation of another and the use of commingled student building fees to assist with financing of student housing.

(2) Rates of charge in the residence halls within the Department and within an institution shall be similar.

IMD 70.135 -- To be retained.

Capacity to Finance Auxiliary Enterprise Projects

(1) Buildings and structures constructed pursuant to bonding authorization granted by Article XI-F(1) of the Oregon Constitution shall be limited to those which conservatively appear to the Board to be wholly self-liquidating and self-supporting from revenues, gifts, grants or building fees.

(2) Bonding authorization is subject to establishing and maintaining a reserve equal to the two ensuing years of debt service on presently outstanding and proposed new bonds. The net income shall be conservatively estimated separately for each category of auxiliary enterprise.

(3) The annual net income shall be at least 150% of the annual debt service coverage for bonds issued prior to May 6, 1963, at least 125% for bonds issued between May 6, 1963, and February 18, 1969, and 100% for bonds issued after February 18, 1969, provided the composite annual net income equals 125% of the annual debt service coverage for bonds issued prior to January 24, 1973.

(4) Student building fees shall be applied primarily for debt service related to construction of health service facilities, student centers and recreational facilities. Revenue-producing auxiliary enterprises such as housing and parking are expected to be wholly self-supporting from user fees and charges. Such enterprises shall pay for all direct costs and apportioned physical plant costs. In exceptional or emergency circumstances, the Chancellor is authorized to transfer moneys from student building fee accounts to institutional accounts, if needed to meet the annual debt service requirements.

(5) In determining the annual net income to be expected from institutional residence halls to meet the required debt service, the basis shall be the ratio of the replacement value of the institution's residence halls to the replacement value of all residence halls at all institutions.

2. Repeal IMD 61.043 Receivables and adopt a new AR 580-41-010

IMD 61.043 Receivables

The Vice Chancellor for Administration shall establish or approve procedures to be followed by institutions and other business offices to assure a diligent effort to collect accounts and notes receivable, including, when appropriate, the withholding of student transcripts, cancellation of registration, or denial of graduation.

It seems clear that this Directive, with substantial effect on students and others owing money to the Department, should be an Administrative Rule. Further, it should distinguish between persons whose obligations have been discharged in bankruptcy and those whose obligations have not been so discharged.

The following language is proposed:
AR 580-41-010 Receivables

"Business offices of the Department of Higher Education shall be diligent in the collection of accounts and notes receivables. The procedures followed shall be in conformity with the requirements of Federal and state law and regulation. The procedures shall be formally adopted by an institution after public hearing under the Administrative Procedure Act, with prior notice to the Controller and the Vice Chancellor for Administration."

Deletion of the reference to specific sanctions permits the institutions to adapt to changes in law or judicial interpretation as well as to institutional differences. The Office of Administration will assist the institutions by suggesting a model institutional rule, after consultation with the institutions.

Staff Recommendation to the Committee

It was recommended that the Board adopt the following changes to its Internal Management Directives:

1. Amend IMD 61.040 Cash Funds;
2. Amend IMD 65.010 Assignment of Responsibility-Personal Property;
3. Amend IMD 71.230 Use of Facilities for Other Than State Purposes.

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, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

The following comments address each of the proposed changes in turn:

1. Amend IMD 61.040 Cash Funds.

This Directive has one sentence: "All funds made available to the Department or any of its units, whatever their source, shall be entered in the accounting records and disbursed in accordance with procedures established by the Vice Chancellor for Administration." To this should be added some of the language in a section of the previous Administrative Rules (63.031), which was omitted in the recodification. The proposed addition is:

"Gifts to an institution should be deposited in the State Treasury, unless the donor intended the gift to be made to an affiliated organization."

This is an important principle that should be reaffirmed by the Board to assure donors that their intent will be honored and to assure the state that funds given to the state are deposited in state accounts.

2. Amend IMD 65.010 Assignment of Responsibility-Personal Property

The proposal is to add the underscored material to the present Internal Management Directive:
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65.010 Assignment of Responsibility--Personal Property

The Vice Chancellor for Administration or a designee shall develop and coordinate procedures used by the institutions and other administrative units for:

(1) Procuring needed supplies and equipment, in accordance with applicable state laws and regulations.

(2) Managing stores of supplies or equipment.

(3) Maintaining appropriate inventory procedures, with the understanding that each officer or employee is responsible for Department property in his possession as reflected in the property inventory until officially released therefrom.

(4) Protecting against hazards of loss by fire, theft, or otherwise.

(5) Disposing of supplies or equipment no longer required and depositing of proceeds.

The purpose of the addition is to remove any question about the responsibility of officers and employees under the established inventory procedures.

3. Amend IMD 71.230 Use of Facilities for Other than State Purposes

IMD 71.230 (formerly AR 71.230) was the subject of discussion at the Board meeting on March 24, 1978, but action was deferred, pending adoption of the new Administrative Rules and Internal Management Directives.

The current AR 71.210 declares that "All institutional property is intended for institutional use and not for private purposes." IMD 71.230 presently permits exceptions. It is proposed to amend IMD 71.230 as follows:

IMD 71.230 Use of Facilities for Other than State Purposes

The [various] institutions in the State Department of Higher Education normally shall not make available the buildings and other facilities of these institutions to individuals for essentially private use or to outside organizations. Exceptions to this policy may be approved by the institutional executive. Exceptions will be made only [in case of community, regional, or state gatherings where no admission fee is charged or where the using organization is a governmental agency or public body] if the proposed use is consistent with institutional policies and missions and the individual or organization fully reimburses the institution for all appropriate costs. [The benefiting organization in all instances will be expected to meet any normal expenses such as janitorial, policing, and other overhead expenses.].

Exceptions have been made for faculty who may be granted permission to use the facilities and equipment for private purposes, when such use is consistent with institutional policies and mission. "Private purposes" include lessons, displays, medical treatment, research, writing, demonstration, and development of creative works of art. The proposed language is intended to assure the authority of the president to distinguish between use for private purposes that is closely related to institutional policy and mission and "essentially" private purposes that are not inconsistent with institutional policy and mission but which are sufficiently "private" to warrant assessment of the requirement for reimbursement of costs. Exceptions are also made when community, regional, and state organizations request the use of facilities during non-instructional hours. The rental charges for the use of facilities cover operating and overhead costs.
A limited survey of other states indicates that it is the practice of institutions to allow, under institutional control, limited private use of institutional property, subject to reimbursement of costs.

In the proposed Directive the reference to "all appropriate costs" is intended to mean all costs unless there are compelling reasons that lead the president of the institution to excuse an individual user from some portion of the costs. If the Directive is adopted, an administrative directive will be issued (probably in the Financial Administration Standard Operating Manual--FASOM) defining "appropriate costs" to mean all costs except in specified circumstances.

Amendment of IMD Chapter 64.000--Investment Management

Staff Recommendation to the Committee

It was recommended that Chapter 64.000--Investment Management of the Board's Internal Management Directives be amended as follows:

64.010 Assignment of Responsibility

(1) Except for arrangements pursuant to [contracts or agreements governed by] Section 64.040, the Vice Chancellor for Administration is authorized to purchase, sell or exchange securities for the Board. Prior approval of the Board President or the Chairman of the Committee on Finance, Administration, and Physical Plant is required for any transaction undertaken by the Vice Chancellor involving amounts in excess of $20,000, except that approval is not required for purchases of securities of the United States, its agencies, or Certificates of Deposit of Oregon banks.

(2) The Vice Chancellor may transfer, endorse, sell, assign, set over, and deliver stocks, bonds, debentures, notes, evidences of indebtedness, or other securities standing in the name of or owned by the Board, and may make, execute, and deliver any instruments necessary to effectuate such authority.

(3) The Vice Chancellor may designate staff members to act on specifically identified transactions or limited responsibilities referred to above. Each designation shall be reported in writing to the Board President and the Chairman of the Committee on Finance, Administration, and Physical Plant.

64.020 Voting Stock Ownership

(1) Except as otherwise provided by law, by direction of the Board or the Committee on Finance, Administration, and Physical Plant, [or by terms of a contract or agreement with the Oregon Investment Council or other investment counselors,] the Vice Chancellor for Administration is authorized to vote stock ownership in accordance with the recommendations of corporate management. In the absence of such recommendation or if deemed prudent to deviate from management recommendations, the Vice Chancellor shall consult with the Board President or the Chairman of the Committee on Finance, Administration, and Physical Plant before voting the affected stocks.

(2) The Vice Chancellor may seek the assistance and counsel of such persons as deemed advisable.
64.030 Custody of Board Securities

(1) Custody of the Board's securities is placed with the Vice Chancellor for Administration or a designee, and authority is granted to make arrangements for [safety deposit boxes or for other] their safekeeping [arrangements].

(2) The Vice Chancellor or a designee is authorized and empowered to obtain, deposit, and release securities from banks to protect funds for the Department.

64.040 Employment of Investment Counsel

Understanding with the Oregon Investment Council

The Vice Chancellor for Administration is authorized to arrange through the Oregon Investment Council for the management of the investment of the Board's endowment funds, subject to the requirements of IMD 64.081 and IMD 64.082. [Subject to prior approval by the Board, the Vice Chancellor for Administration may enter into contracts or other agreements with the Oregon Investment Council and/or other professional investment counselors to invest endowments in securities, pursuant to law.]

64.050 Delegation of Investment Authority

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

64.060 Reports on Investments

(1) The Vice Chancellor for Administration shall report to the Board not less than semi-annually on corporate stock investment status and transactions [, pursuant to contractual arrangements with the Oregon Investment Council or investment counselors]. The report shall, among other matters, provide information regarding the market and book values of the stocks, the current dividend rate, purchases and sales, and gains and losses.

(2) The Vice Chancellor shall report to the Board at least annually on all investments of all funds, with such recommendations as are appropriate.

64.081 Endowment Fund Investments

(1) The objectives of investment for the Endowment Fund accounts are to secure the maximum current dividend or interest income consistent with sufficient growth in the principal value of the investments to maintain, so far as possible, the purchasing power of future income therefrom.

(2) The number of shares of voting stock owned in any one company shall not exceed 5% of the total number of outstanding voting shares.

(3) Prudence shall be followed to avoid investing an unreasonable percentage of funds in the securities of any one corporation or organization.
Periodically, the Vice Chancellor for Administration shall distribute to the Endowment accounts the appropriate portion of estimated earnings for the current fiscal year. The estimates of earnings shall be adjusted at the end of each year to give the effect to over- or under-realization.

Each institution will administer the expenditures of Endowment Fund income in such a way as to assure the existence of a balance in each endowment operating account at the end of a fiscal year.

Some gifts or bequests are subject to investment conditions stipulated by the donor which prevent the investment of moneys in security pools. The investment program for these gifts and bequests shall be as directed by the terms of the gift or will, and pursuant to statute and Board policy.

Quasi-Endowment Fund Investments

The objective of investment of Quasi-Endowment Fund accounts is to obtain increases in corporate earnings which may be evidenced by increasing dividends, and also by increases in the market value of the investments. Conversion of investments may be effected by periodic sales of shares of stock, with all or part of the capital gains made available for current expenditures.

The number of shares of voting stock owned by the Board in any one company shall not exceed 5% of the total of outstanding voting shares.

Prudence shall be followed to avoid an unreasonable percentage of funds being invested in securities of any one corporation.

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

Some Quasi-Endowment gifts or bequests are subject to investment conditions of the donor. The investment program for such gifts and bequests shall comply with such conditions, consistent with statute and Board policy.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

Mr. Wyss suggested that modifications should be made to the phraseology in IMD 64.081 and 64.082 to reflect current terminology used by investment managers. Since no modifications were proposed for those Directives in the present recommendation, it was agreed that any necessary changes would be brought to the Board at a subsequent meeting.
The Board approved the Committee recommendation as presented, with the understanding that revisions to IMD 64.081 and 64.082 would be submitted at a later date. Those voting in favor were: Directors Anderson, Ater, Batiste, Carpenter, Feser, Harms, Ingalls, Moore, and Wyss. Those voting no: None.

Staff Report to the Committee

As a consequence of recent Opinions of the Attorney-General, the adoption of revisions in the Internal Management Directives in Chapter 64.000—Investment Management are necessary.

The key changes are in Section 64.020 and 64.040. The first deletes the expectation that the Board may control the voting of stock purchased with endowment funds by an investment management firm. This is clearly precluded by a recent opinion of the Attorney-General addressed to the Oregon Investment Council. Subsection (1) is still required for those few stocks required by the terms of the gift to be retained by the Board. The second (64.040) recognizes that the Oregon Investment Council has the legal authority to select and employ the managers of investments of endowment funds. It is worded to allow for investment by the State Treasurer of portions of the endowment funds in corporate bonds, commercial paper, and government securities.

The changes in IMD 64.010 and 64.060 are solely to harmonize with the changes in IMD 64.040.

The change in IMD 64.050 Delegation of Investment Authority is intended to clarify the close working relationship between the Controller and the State Treasurer. It is the Controller's responsibility to monitor maturity dates on the investment of the designated funds to assure that they are prudenty invested at all times. The formal requests for investment action are made by the Controller after consultation with the Treasury Department.

The change in IMD 64.030 is simply to make the language less cumbersome.

No changes are proposed in IMD 64.081 or IMD 64.082. However, two changes may deserve Board consideration. The first subsection in each rule defines a distinction of objective in the investment of the two categories of endowments. Although theoretically desirable, the practical application of distinction is extremely difficult and requires a segregation of investment accounts that has served no useful purpose. Subsection 64.081 (1) is probably sufficient. If the Board concurs, Section 64.082 could be repealed and minor adjustments in Section 64.081 (to incorporate reference to Quasi-Endowment Accounts) could be made.

The other issue is whether to include in these two sections reference to the Board’s policy that no more than 50 percent of the Endowment Fund or 60 percent of the Quasi-Endowment Fund be invested in common stock. Although this policy has been in effect for seven years, it is the sort of policy that should be subject to periodic reconsideration. The staff recommendation is that the policy not be included in a Directive, but the Board may conclude otherwise.
Responses to the 1977 Budget Note on Graduate Education

(Considered by Committee on Instruction, Research, and Public Service Programs, August 25, 1978; present--Feves, Harms, Thorp, and Wyss.)

The Board will recall that at its April meeting in La Grande, it accepted the following two reports on graduate education submitted to the Board in fulfillment of the requirements of the Budget Note affixed to the Board's Capital outlay budget by the Ways and Means Committee during the 1977 Legislative Session. (A copy of the Budget Note is presented at the end of this item.)

A report on graduate education by a Citizens Committee on Graduate Education entitled, Report on Graduate Education in Oregon, dated March 20, 1978. The Citizens Committee--consisting of 12 distinguished Oregonians--was appointed by the Board of Higher Education in September 1977, to review the Legislative Budget Note and the Board's policies vis a vis graduate education, and to prepare a report setting forth the Committee's findings and recommendations.

A report expressive of Board policies and the Board's views, as interpreted by the Board's Office, entitled, Graduate Education in Oregon--A Response to a 1977 Legislative Budget Note, dated April 28, 1978.

These reports were, on the authorization of the Board, transmitted to the Oregon Educational Coordinating Commission on April 28, in accordance with the Budget Note directive, which had set May 1 as the date for delivery to the Commission of the Board's response to the Budget Note.

During the period May-July, the Educational Coordinating Commission staff, pursuant to the Budget Note, prepared an analysis of the Board's response to the Budget Note, entitled, Review of Graduate Education Report of the Board of Higher Education, July 1978. The analysis focused on "major issues and policy options" under the following headings:

- Duplication
  Teacher Education
  Portland State University
  Oregon State University
  Independent Colleges

- Access
  Nonresident graduate students
  Resident graduate students
  Reciprocity
  Off-Campus Instruction
  Part-time students

- Employment Needs
  Student Choice Versus Manpower Planning

- Research
  Research Priorities
  Funding for Research

- Comparative Costs
  Display of Information
  Setting Priorities in Graduate Education
  Management Flexibility

In each of the foregoing areas, this initial report of the Commission staff proposed a series of "policy options" for consideration by the Commission, and when approved by the Commission, by the Emergency Board, to whom the Commission analysis is to be submitted.

The Commission staff's analysis and proposed "policy options" have been twice reviewed and discussed by the Commission, as the Commission has sought to develop a consensus as to which of the proposed policy options are most expressive of the Commission's views.

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The first review by the Coordinating Commission occurred at a special meeting called specifically for this purpose, held in Portland on July 20th. In addition to members of the Commission (5 of the 7 members) and the Commission staff, and a number of other individuals (e.g., executive directors of the State Federation of the American Association of University Professors, and of the Teacher Standards and Practices Commission,) there were present from the State System: Mr. Loren L. Wyss of the Board, Chancellor Lieuallen and other members of the Board's Office, and institutional representatives from the three universities and the Health Sciences Center.

The meeting was conducted by Chairman Ross Thompson of the Commission who, at the outset, gave Chancellor Lieuallen the opportunity to comment on the Commission Staff's analysis and policy options at some length, following which there ensued a lengthy discussion of the policy options by the Commission and State System representatives.

In the course of the afternoon, the Commission identified the one option (or occasionally two) from among the multiple options in each area of the report, which the Commission favored. The Commission staff was asked to revise the analysis accordingly and to present a revised analysis at the August 4 meeting of the Commission.

The second Commission review of the Commission staff's analysis occurred in Salem August 4. The Board's Office was again represented, as were two of the three State System universities. Chairman Thompson again offered to State System representatives full opportunity to discuss with the Commission the policy options contained in the analysis.

A number of policy option modifications suggested by the Board's Office were adopted by the Commission, though not all of the State System's suggestions were accepted.

At the conclusion of the August 4 meeting, the Commission staff was asked to prepare final copy for submission to the Emergency Board by August 21.

The Board's Office would like at the August 25 meeting of the Board's Committee on Instruction, Research, and Public Service Programs to discuss with the Committee the Commission's analysis and recommended policy options. The Commission's report will not be available for distribution until August 21 at which time the Commission will send directly to members of the Board copies of the report.

The policy options adopted by the Commission for recommendation to the Emergency Board will not be completely unfamiliar to the Board's Committee inasmuch as the Board's Office provided the members of the Board, at the July Board meeting, with copies of the policy options generally agreed to by the Commission at its July 20 meeting, and the modifications therein are limited in number.

Discussion and Recommendation by the Committee

Dr. T. K. Olson, Executive Director of the Educational Coordinating Commission, made preliminary remarks indicating that the final version of the Commission's analysis of the Board's response to the 1977 Legislative Budget Note on Graduate Education has been completed and mailed to the Emergency Board and the State Board of Higher Education on August 21. The policy recommendations of the Commission are included in the document entitled, "Review of Graduate Education Reports of the Board of Higher Education: In Response to Budget Note of the 1977 Legislative Assembly," prepared by the Oregon Educational Coordinating Commission under date of August 1978. The report is on file in the Board's Office.
Mr. Wyss opined that he had found the material in the report of interest but that he considered it "somewhat prejudicial" and said that a number of the areas dealt with by the Commission report were a source of concern to him.

He found disturbing, he said, the Commission policy recommendation that the Legislature should set the number of graduate enrollments that should be funded by the Legislature, leaving it to the Board of Higher Education to decide how they should be allocated among the graduate degree programs. Such a policy he considers a very rigid and unresponsive policy which would freeze us into a very political determination as to how the Board might expend its resources. He said that at some points in the future, the best use of the Board's resources may be in the expansion of graduate opportunities. If this kind of a decision is lodged with people who may have relatively limited access to the information essential to informed educational decisions, the state's interests will be disadvantaged.

Dr. Olson said that the Commission assumed that the Board of Higher Education would bring to the Legislature each biennium a request for an authorized enrollment containing what the Board considers to be an appropriate mix between undergraduate and graduate enrollments. The Commission assumes, he said, that the Board will seek to be persuasive with the Legislature in its consideration of the projected enrollments, and that out of the discussions with the Legislature will emerge either approval of the Board's request or some modification thereof.

Mr. Wyss said that the Commission's policy recommendation is unwise in that it increases, or is likely to increase, Legislative involvement in what ought to be educational decisions that he considers can be more effectively made by the Board.

A second policy recommendation that disturbs him, Mr. Wyss said, is the recommendation that the Executive Department should establish a list of state research priorities on the assumption that this list should guide the State System's state-supported research efforts, which are a very small proportion of the State System's total research efforts.

Dr. Olson asserted that what the Commission's report was seeking to convey is the feeling that the state should have a more explicit research policy which would provide for utilization of the research capacity of the State System institutions in carrying on research vital to the interests of the State.

Mr. Wyss suggested that the desired ends of encouraging a closer working relationship between state agencies and the research resources of the State System probably can be achieved more effectively by publication of research needs of these agencies and cross-fertilization and improved communication between the State System and the agencies of state government. Mr. Wyss said that enhancing the partnership relationship between the State System and other state agencies in research endeavors may be desirable, but the Commission's policy recommendation has the connotation of creating a handmaiden-master relationship which is unpalatable to the State System.

Mr. Harms said that some policy recommendations of the Commission are going to be more acceptable to the Board than others and that he assumed the Chancellor would be indicating to the Board which of the Commission's policy recommendations the Chancellor feels to be in the best interests of higher education in Oregon.
A question was raised as to the meaning of the Commission's policy recommendation which reads, "The Board of Higher Education should report to the Legislature and the Governor by March 1, 1979, recommendations for early retirement and reduced responsibilities for tenured college and university professors."

It was explained that this had reference to the view that some consideration should be given to examining ways in which it might be feasible to offer encouragement to faculty to take early retirement in order to provide greater staffing flexibility in institutions.

Chancellor Lieuallen commented that comparison of the costs of graduate education with the costs of education for kindergarten through 12, or with community college education, as set forth in the Commission's report, is not meaningful. He also commented that the concept of encouraging state agencies to make clear the nature of their research needs and the funding base therefor, so that the State System institutions could, where it seemed feasible and consistent with their instructional and research role, offer to help meet those research needs, is a useful concept.

Some time was also spent in the exploration of the Commission's perception as to the appropriate relationship of the Commission to the issue as to the role and mission to be assigned Portland State University and Oregon State University in graduate education and research. The Chancellor cautioned against the Commission's seeking to become involved in the allocation of functions to institutions of the State System. Such allocation of function is clearly a responsibility of the Board of Higher Education, he emphasized.

There was some discussion of the language of the Commission's report as it relates to in-service education. Mr. Wyss noted that the Board of Higher Education has spent a good bit of time in the review of the issues identified by the statewide committee on in-service education and that it is a matter in which the Board is interested.

A question was raised also about the material on p. 42 of the Oregon Educational Coordinating Commission's report relating to certain analytic studies the Commission says it intends making, relating to factors influencing expansion and contraction of graduate education in Oregon. Examples given were the request of the Fire Standards and Accreditation Board for development of a baccalaureate program in fire service administration, and the request for the development of a master's program in taxation.

Chancellor Lieuallen commented that the Oregon Educational Coordinating Commission's report had been sent to the Emergency Board for its consideration and that it is anticipated that the Emergency Board will consider the policy recommendations of the Commission and that in the process, or subsequent thereto, there will be need for the Board or the Board's Committee to be concerned with a further review of these matters.

**Budget Note Re Graduate Education in the State System**

The following is the Budget Note which was attached to the capital construction budget of the State Board of Higher Education by the Ways and Means Committee of the 1977 Legislative Assembly:
The Subcommittee is concerned about graduate programs in the State System of Higher Education being matched with priorities, needs, and resources of the state. To assist the 1979 Legislative Assembly, the Board of Higher Education is to prepare and submit an examination of the following:

a. Employment and research needs of Oregon and the nation as justification for graduate programs in this state.

b. Access by Oregonians and nonresidents to Oregon graduate programs, including those in independent colleges and universities.

c. Overlap and duplication of graduate study in State System institutions.

d. Comparative costs of graduate programs.

e. Plans to adjust graduate programs as may be required to bring programs in line with need. Priorities for dealing with declining enrollments and resources should be indicated.

The Board of Higher Education's examination results are to be made available to the Educational Coordinating Commission by May 1, 1978. The Commission shall review the reports and prepare an analysis and evaluation of the issues, develop possible alternative approaches, and make recommendation to the Emergency Board by August 1, 1978. The Board of Higher Education's 1979-1981 budget request as submitted to the Governor, shall consider the results of the study as accepted by the Emergency Board. The report of the Board of Higher Education and the review of the Oregon Educational Coordinating Commission are to be presented to the 1979 Legislature, with copies available to all members by December 1, 1978.

Board Discussion and Action

In presenting the Committee report, Mr. Wyss said the "Report on Graduate Education in Oregon" was a different approach to the question of graduate education in Oregon than the Board's examination has been. It showed certain other possible options and a certain willingness for guidance from the state or the Legislature that is somewhat different than many Board members have understood that role to be and that seemed in the past to have existed between the Legislature and higher education in Oregon. It is questioned whether the way the report suggested that options be implemented would be moving in the best interests of both tradition in this state and perhaps in the best interests of the citizens of the State of Oregon.

Mr. Wyss noted that some of these concerns were expressed in the Committee discussion.

Mr. Wyss said the document obviously was the result of a great deal of hard work and it was well organized and well written. He said the report covered areas of duplication, access to employment, and research in comparative costs in ways that perhaps have not been seen before. He said it was his hope that appreciation could be expressed for this kind of study at the same time the Board noted its apprehensions about some of the contents.

Mrs. Carpenter said she was very disappointed in the document because it seemed to be sadly lacking in that quality that gives perspective to statistics. She said it would seem that the obligation of the Commission was to use statistics in the public interest and her interpretation of the public interest varied considerably from the perspective in which it was viewed by the Commission.
Mrs. Carpenter cited the increase of graduate students from 9.5% to 10.5% of the total student population as an example. The report seemed to indicate this was an astonishing statistic, Mrs. Carpenter said, but she considered it a very legitimate 1% increase. Mrs. Carpenter also noted that in comparing the number of graduate students in public and private institutions in Oregon with the number in other states, the report emphasized that the number of graduate students in public institutions in Oregon was much higher than the national average. However, the total number of graduate students in Oregon is slightly below the national average. Mrs. Carpenter said the latter figure is really the significant one and it is unimportant whether the institutions are public or private. The private institutions are a very small part of the higher education system in Oregon.

A third statistic Mrs. Carpenter cited was that 42% of the graduate students were from out of state. This fact did not take cognizance of the generally-recognized principle that for good graduate education students often should go to institutions outside of their own state in order to receive the benefit of a different group of professors. Oregon should receive similar students from other states. The inference in the report was negative as are other statements and statistics.

Mrs. Carpenter said the costs for graduate students are compared with the costs for K-12 and for the community colleges and this is patently absurd. The investment of $57 million in instructional costs for graduate education was not put into perspective in terms of the economic value to the State of Oregon from graduate education. One research program alone yields $20 million in annual income to the state.

Mrs. Carpenter said there never was any attempt to say in the report that there is an astonishing lack of duplication in graduate work in Oregon compared with other states.

Mr. Wyss said despite the critical things and often the critical tone, it was stated in the final conclusion of the report that graduate education has been recognized as contributing substantially to the development of our human resources, thereby aiding the general economic development of the Pacific Northwest.

The Board received the report as presented.

Report of Appointment of Architects for Recreation Facilities (Baseball Field Phase II), SOSC

Staff Report to the Board

Based upon the recommendations of officials of Southern Oregon State College, and in accordance with the provisions of AR 580-50-020 (formerly AR 70.146), arrangements were made with Afseth, Jacobs & Schmitz, A.I.A., Architects, Medford, for professional services relating to the preparation of a written program, making a preliminary investigation, and completing the schematic design phase of planning for the proposed second phase of the development of the new baseball field on the campus in Ashland. It is expected that the proposed new structure would be centered behind the backstop and would house public restrooms, team locker rooms with shower facilities, utility and storage areas, a press box and the foundation for elevated bleachers. The work would constitute a portion of the project identified as Recreation Facilities (Baseball Field) for which an expenditure limitation of $315,000 was approved by the Board and the 1977 Legislature. Funds of approximately $90,000 required for this unit of work are to be provided from self-liquidating bond borrowings issued under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances available for auxiliary enterprises.
For their services and expenses in this assignment, the architects are to be compensated on a time and materials basis not to exceed a maximum of $1,970. Upon the completion and acceptance of the schematic design phase of planning for the work, if mutually satisfactory arrangements can be made, the scope of the architects' services may be extended to include the complete design and contract administration of the project.

Funds required for the initial planning are being provided from balances available from the Phase I development of the baseball field.

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials and Morrison, Funatake, Inouye, Andrews, Inc., Consulting Engineers, the work of the prime contractor for the fire protection improvements within Hunt Hall on the campus of Eastern Oregon State College was accepted as of June 16, 1978.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on March 24, 1978:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 6/16/78</th>
<th>Original Budget 3/24/78</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs</td>
<td>$35,055</td>
<td>$35,055</td>
<td>$0</td>
</tr>
<tr>
<td>Johnson Controls, Inc., Portland</td>
<td>$3,506</td>
<td>$3,506</td>
<td>$0</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>$1,935</td>
<td>$1,935</td>
<td>$0</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>$2,804</td>
<td>$2,804</td>
<td>$0</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$40,496</td>
<td>$43,300</td>
<td>($2,804)</td>
</tr>
</tbody>
</table>

The work included the installation of a non-coded, fully supervised fire alarm system including a central control panel, power supply, signal initiating devices, battery back-up, a conduit and wiring system, and all accessory devices required to provide a completely operating system. Magnetic door holders and their associated ionization detectors and wiring to selected existing exitways and doors were also provided.

The expenditures for this project were financed from resources available to the institution within its dormitory building repair reserve.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - EOSC Hunt Hall Fire Protection Improvements

Engineers - Morrison, Funatake, Inouye, Andrews, Inc., Portland

Board's priority - not applicable

Legislative authorization - not applicable

Estimated total project costs $40,496

Estimated direct construction costs $35,055
Meeting #451

September 29, 1978

Financing plan:
Dormitory building repair reserve $ 40,496

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Report of Appointment of Engineers for Report on Proposed Rehabilitation of Concrete Stairway North of Administration Building, EOSC

Based upon the recommendation of officials of Eastern Oregon State College, and in accordance with the provisions of AR 580-50-020 (formerly AR 70.146), arrangements were made with Anderson-Perry & Associates, Inc., consulting engineers, La Grande, to assist in making an engineering report on the proposed rehabilitation of the exterior stairway north of the Administration Building on the campus there. It is expected that this report will include recommendations and cost estimates for work to be accomplished in the repair and rehabilitation of this stairway, with alternatives for various levels of repair and/or restoration.

For their services and expenses in this assignment, the engineers are to be compensated on a time and materials basis not to exceed a maximum of $3,000. Upon the completion of the study and the acceptance of the report, if satisfactory arrangements can be made and resources therefore are available, the scope of the engineers' services may be extended to include the preparation of drawings and specifications for the rehabilitation work.

Funds required for the study and report are being provided from the Board's reserve for physical plant rehabilitation and minor capital outlay.

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Report of Bids and Contract Award for Memorial Union Remodeling, Phase II, OSU

Upon the recommendation of institutional officials, the revised final drawings and specifications which had been prepared with the assistance of Jeppsen, Miller & Tobias, Architects, Corvallis, for the remodeling within the Memorial Union building at Oregon State University were accepted on behalf of the Board. Three bids were received for the work on August 8, 1978, ranging from a low of $505,187 to a high of $531,700, including an additive alternate which was exercised. Inasmuch as the low bid was within the estimate and the resources were available, a contract award was made and the following tentative budget was approved for the project:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
</tr>
<tr>
<td>Dale Ramsay Construction Co., Corvallis</td>
<td>$ 505,187</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>54,993</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>18,214</td>
</tr>
<tr>
<td>Works of art</td>
<td>5,052</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>18,079</td>
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<tr>
<td>Contingencies</td>
<td>28,475</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 630,000</strong></td>
</tr>
</tbody>
</table>

The work of the contract remains essentially as described in the minutes of the Board meeting of July 28, 1978, when revisions to the drawings and specifications for the work were approved for rebidding. The additive alternate included in the contract is for the remodeling of additional restrooms for improved accommodations for handicapped persons.

The expenditures for this work are being financed from Article XI-F(1) bond borrowings and/or other balances available for auxiliary enterprises.
RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OSU Memorial Union Remodeling, Phase II

Architects - Jeppsen, Miller & Tobias, Corvallis

Board's priority - No. 8 in 1977-1979 (Auxiliary Enterprises)

Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated total project costs $630,000

Estimated total direct construction costs $505,187

Estimated final completion date - March 1979

Tentative financing plan:
- General obligation bond borrowings under Article XI-F(1) of the Oregon Constitution and/or balances available for auxiliary enterprises $630,000

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials, and in accordance with the provisions of AR 580-50-020 (formerly AR 70.148), arrangements were made with CH2M/Hill, Inc., Engineers/Planners/Economists/Scientists, Corvallis, to assist in making a comprehensive study of the sewer utility on the campus of Oregon State University. The scope of work to be undertaken initially by the Engineers is expected to include the following:

(1) Contact Oregon State Department of Environmental Quality (DEQ), and the United States Environmental Protection Agency (EPA) and assess current rules and regulations regarding combined sewer overflow control/separation. Define DEQ and/or EPA goals for combined sewer separation.

(2) Contact City of Corvallis (City) and discuss history of City combined sewer overflow control/rehabilitation. Check present status of program. Review City goals for combined sewer separation.

(3) Coordinate/review City plans for existing and future storm sewer construction as they relate to the OSU utility system.

(4) Coordinate/review City plans for existing and future sanitary sewer construction as they relate to the OSU utility system.

(5) Gather maps and related studies on sewer system from OSU and the City.

(6) Review available maps, plans, and other information to verify completeness and accuracy and determine additional needs, if any.

(7) Through discussion with OSU staff, DEQ, EPA, and City, identify specific objectives of a complete detailed study.

(8) Review and coordinate findings with OSU staff.
(9) Prepare detailed work scope for completion of the complete detailed study. Identify work items, outside specialists (if needed), work plan timing, man-day estimate, expense costs, and budgets for sub-tasks.

(10) Present findings, work scopes and schedule recommendations in a letter report.

For such professional services, the Engineers are to be compensated on a time and materials basis not to exceed $6,870. Funds required for the study are being provided from two sources. The portion applicable to the educational and general plant is being advanced from the Board's reserve for architectural/engineering planning. The remainder, which is applicable to auxiliary enterprises, is being transferred from excess sinking fund reserves from commingled student building fees.

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials, the final drawings and specifications for the Physical Oceanography Laboratory Building II, which had been prepared by the Physical Plant staff of Oregon State University, were accepted on behalf of the Board. Only one bid was received for this work on August 1, 1978, and it was in the amount of $84,446. Inasmuch as this amount exceeded the funds budgeted for direct construction, it was necessary to exercise two deductive bid alternates totalling $8,795 when a contract award was made and the following tentative budget was approved for the project:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
</tr>
<tr>
<td>Dale Ramsay Construction Co., Corvallis</td>
<td>$75,651</td>
</tr>
<tr>
<td>Engineering costs</td>
<td>2,000</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>1,450</td>
</tr>
<tr>
<td>Contingencies</td>
<td>999</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$80,000</strong></td>
</tr>
</tbody>
</table>

The work of the contract remains essentially as described in the minutes of the Board meeting of July 28, 1978, when the project was approved. By exercising the bid alternates, however, the scope of work was modified to delete all of the exterior asphalt paving and fencing and to omit the partitions, lighting, floor tile and electrical work for two small laboratories.

The expenditures for the work are being financed in equal shares of $40,000 each from building use credits (indirect cost allowances from instructional and research contracts and grants), and from budget resources available to the School of Oceanography from the institution's operating reserve.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OSU Physical Oceanography Laboratory Building II

Engineering - Physical Plant Department

Board's priority - Not applicable

Legislative authorization - State Emergency Board on July 28, 1978

Estimated total project costs $80,000

Estimated total direct construction costs $75,651
Total gross area - 2,400 square feet
Average cost (per square foot) - $31.52
Estimated completion date - February 1979

Tentative financing plan:
Building use credits $ 40,000
Institution's operating reserve 40,000
Total $ 80,000

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Zimmer/Gunsul/Frasca Partnership, Architects, Portland, for the addition to Gilbert Hall at Oregon State University were accepted on behalf of the Board. Separate bids for major divisions of the work were received in Corvallis on July 25, 1978, and may be summarized as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Bids</th>
<th>Low Bid</th>
<th>High Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>General work</td>
<td>2</td>
<td>$ 2,633,000</td>
<td>$ 2,722,000</td>
</tr>
<tr>
<td>Mechanical work</td>
<td>2</td>
<td>$ 1,397,000</td>
<td>$ 1,508,944</td>
</tr>
<tr>
<td>Electrical work</td>
<td>5</td>
<td>$ 250,000</td>
<td>$ 333,843</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>5</strong></td>
<td><strong>$ 4,280,000</strong></td>
<td><strong>$ 4,564,787</strong></td>
</tr>
</tbody>
</table>

Inasmuch as the total of the lowest basic bids exceeded the architects' estimate and the funds available for direct construction, it was necessary to exercise several deductive bid alternates, totaling $257,964, when contract awards were made and the following tentative budget was approved for the project:

Direct construction costs:
- General work - Marion Construction Company, Inc., Salem $ 2,425,400
- Mechanical work - Fullman Company, Portland 1,352,229
- Electrical work - Howard Electrical & Mechanical Company, Denver and Portland 244,407
- **Subtotal** $ 4,022,036

Professional services fees 330,736
Furnishings and equipment 26,567
Works of art 40,220
Construction supervision and miscellaneous costs (including bond costs and landscaping) 85,000
Contingencies 80,441

**Total** $ 4,585,000

The work of the contract includes the construction of a four-story reinforced concrete building, plus a basement, east of Gilbert Hall to provide new chemistry laboratory teaching spaces and ancillary service areas within a total gross area of approximately 45,302 square feet. The exterior is to be finished with brick veneer and the interior finishes and appointments are standard for science laboratory spaces. An elevator is included for the movement of equipment and supplies and for the use of the physically
handicapped. The alternates exercised deleted the proposed bridge connection with the existing building, omitted portions of the casework and several fume hoods, deleted cooling equipment, modified the specifications for the elevator and certain interior and exterior finishes as well as the enclosure of the lobby area on the ground floor. Efforts will be made to restore some of this work by transfers from the contingency reserve during the progress of construction, but it is likely that the remainder will have to be integrated with the 1979-1981 capital construction request for the rehabilitation of Gilbert Hall.

Because of some concerns expressed over the siting of the proposed addition, the campus plans committee convened in special session on August II to hear testimony from interested persons. Following presentations, comments and questions from students, members of the staff and others, including Mr. Louis A. DeMonte, campus planning consultant, the committee confirmed its earlier recommendations to the president, who in turn recommended that the construction of the facilities should proceed in accordance with the drawings and specifications upon which the bids had been received.

The project is being financed in equal portions from the General Fund appropriation within Section 1 of Chapter 560, Oregon Laws 1977, and from proceeds from the sale of bonds issued under the provisions of Article XI-G of the Oregon Constitution.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARDS

Project - OSU Gilbert Hall Addition

Architects - Zimmer/Gunsul/Frasca Partnership, Portland

Board's priority - No. 2 in 1977-1979 (Educational and General Plant)

Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated gross area - 45,302 square feet

Estimated total project costs $4,585,000

Estimated direct construction costs:

- Total $4,022,036
- Building and fixed equipment (excluding sitework and utilities) - Total $3,903,536
- Average (per square foot) - $86.17

Tentative completion date - October 1979

Tentative financing plan:

- General Fund appropriation $2,292,500
- Article XI-G bonds $2,292,500
- Total $4,585,000

Board Discussion and Action

The Board received the report as presented.

Sale of Fairplay Property, OSU

Staff Report to the Board

On March 24, 1978, the Board approved the sale of the Fairplay property consisting of 3.42 acres of unimproved property located along Highway 20 near Corvallis. The minimum bid price acceptable to the Board was $6,300. If sold on contract, the Board approved a minimum of 20% down, and equal monthly installment payments including interest at not less than 9-1/2% per annum over a period not to exceed 10 years.

-800-
Three bids were received on April 25, 1978, in response to newspaper advertisements. Two of the bids were less than the minimum acceptable bid price. Subsequently, it became necessary to prepare and record a restrictive covenant, removing building rights, with Benton County, before the sale could be consummated.

On July 27, 1978, the Board entered into a land sale contract with Thomas Carson Denison who had submitted a high bid of $6,500. The bid included 20% down and agreement to pay equal monthly installments with interest at 9-1/2% per annum for 10 years.

The restrictive covenant, land sale contract, and bargain and sale deed were prepared in the Board's Office by Legal Counsel Ed Branchfield and signed by the Board's president and secretary.

The down payment and monthly installment payments will be deposited in the Agricultural Land Replacement Fund, Account 30-560-0076.

Board Discussion and Action

The Board received the report as presented.

Report of Inspection and Acceptance of Student Union Facilities Alterations and Addition, OSU

Staff Report to the Board

Upon the recommendation of institutional officials and Jeppsen, Miller & Tobias, project architects, the work of the prime contractor for the addition to and remodeling work within Snell Hall and Snell Hall Cafeteria and for a limited amount of remodeling work within the Memorial Union Building on the campus at Oregon State University was accepted on behalf of the Board as of July 27, 1978. Portions of the work had been accepted previously as of December 1, 1976, February 28, 1977, and June 21, 1977, as these portions were completed and occupied by the users. The work was inspected by the Vice Chancellor for Facilities Planning.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on May 25, 1976:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 7/27/78</th>
<th>Original Budget 5/25/76</th>
<th>Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marion Construction Co., Salem</td>
<td>$2,409,042</td>
<td>$2,313,600</td>
<td>$95,442(1)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>219,339</td>
<td>217,268</td>
<td>2,071</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>175,505</td>
<td>175,505</td>
<td>0</td>
</tr>
<tr>
<td>Construction supervision and</td>
<td>86,314</td>
<td>68,147</td>
<td>18,167</td>
</tr>
<tr>
<td>miscellaneous costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td>115,680</td>
<td>(115,680)</td>
</tr>
<tr>
<td>Total</td>
<td>$2,890,000(2)</td>
<td>$2,890,000(2)</td>
<td>$0</td>
</tr>
</tbody>
</table>

(1) Includes revising door types in certain openings, changing insulation on fireplace hood, making electrical revisions and adding sprinkler heads in TV room in Snell Hall as required by plan checking officials of the state and city; revising elevator machine room floor level and door height, adding drapery tracks in Cafeteria; deleting carpeting in selected rooms in Snell Hall; deleting eight movable dividers in East Dining Room; changing southwest entry to Cafeteria; modifying brick and paver selections; providing new flashing and curb at roof offset at Cafeteria Building; relocating existing electrical conduits; changing glass in skylight to plexiglass; modifying transformer
specifications; adding convectors in six rooms in Snell Hall; changing fire department hose connection to a new location; adding graphics on walls of scramble area in Cafeteria; providing an additional counter in four rooms; adding the reroofing of the existing porch and walkway on north side of Cafeteria Building; providing additional telephone conduit in Snell Hall; providing louvers for five doors; adding outside louvers and controls for Cafeteria Building air system; adding temperature controls for dark rooms; lowering existing steam lines to clear new concrete entry at the Memorial Union Building; providing window draperies and television and photo studio curtains in the Snell Hall addition; adding new pedestrian ramps at the Memorial Union Building; adding a six-inch concrete sewer pipe line from drainage sump in the Memorial Union Building new entry to existing storm drain in street; adding asphalt paving on east side of Snell Hall for bicycle parking; revising electrical service to Memorial Union Building elevator; substituting epoxy painted floors for carpeting in new television studio rooms; adding new packaged air-conditioning unit for room No. 123 in Snell Hall; adding directories, room names and numbers; revising handrails in the Memorial Union Building and other minor modifications all included within seventeen approved change orders.

(2) These amounts exclude the intrafund transfer of approximately $880,000 which was made pursuant to ORS 351.460 for the conversion of Snell Hall from student residence hall and cafeteria use to student union use.

The contract work included the construction of an addition, containing about 15,378 square feet, which extends into the courtyard between Snell Hall and Snell Cafeteria. The first floor of this new structure provides additional student activities offices, integrated with those provided at that level in the existing building, as well as two studios, service and storage areas for the student-operated television stations. A partial lower floor, below grade, houses television operations and control functions and this portion of the building's mechanical equipment.

Approximately 12,836 square feet of space within the Snell Cafeteria was remodeled also to improve the food service facilities and there was general refurbishing and redecorating of this building. The entire Snell Hall facility was made more accessible for the physically handicapped, as well as others, by the addition of elevators and treadle-operated entrance doors.

The ground, first, second and third floor levels of Snell Hall, involving a total of approximately 29,856 square feet, was remodeled to provide more adequate space for the student activities staff, student organization offices, program planning and service facilities for student publications and other communications (broadcast) media, as well as improved and enlarged areas for arts and crafts. The remainder of the building will continue to be used, at least temporarily, as a residence hall.

An elevator installation, with attendant access revisions involving about 2,284 square feet, was accomplished within the Memorial Union Building in order to adapt that structure for greater use and enjoyment by physically handicapped persons.

All of the project expenditures were financed from the proceeds of self-liquidating bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances, including commingled student building fees, available for auxiliary enterprises, consistent with the program reviewed and approved previously by the Board and the Legislature.
RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - OSU Student Union Facilities

Architect - Jeppsen, Miller & Tobias, Corvallis

Board's priority - No. 7 in 1975-1977 (Auxiliary Enterprises)

Legislative authorization - Chapter 331, Oregon Laws 1975

Total project costs $2,890,000

Total direct construction costs $2,409,042

Total direct construction costs of addition and alterations exclusive of sitework $2,161,307

Cost per square foot for each portion of work:

- Snell Hall:
  - Building Alterations 29,856 sq. ft. at $735,381 = $24.63 per sq. ft.
  - Building Addition 15,378 sq. ft. at 809,936 = $52.63 per sq. ft.
  - Cafeteria Alterations 12,836 sq. ft. at 483,338 = $37.65 per sq. ft.
  - Sitework N.A.
  - Subtotal 221,150

- Memorial Union Building:
  - Building Alterations 2,284 sq. ft. at 153,292
  - Sitework N.A.
  - Subtotal 26,585

Total direct construction costs $2,409,042

Financing plan:

- Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises (excluding intrafund transfer of approximately $860,000 for conversion of Snell Hall from student residence hall and cafeteria use to student union use) $2,890,000

Board Discussion and Action

The Board received the report as presented.

Report of Bids and Contract Award for NMFS Aquaculture Laboratory Facilities at Yaquina Bay Marine Science Center, OSU

Staff Report to the Board

Upon the recommendation of officials of Oregon State University, the construction documents prepared with the assistance of Hewlett, Jamison, Atkinson & Luety, Architects, Portland, for the proposed Aquaculture Laboratory Facilities at the Yaquina Bay Marine Science Center were accepted following appropriate notice of approval by the contracting officer of the National Oceanic and Atmospheric Administration. Bids for the work were received from four general contractors at 8 p.m. on August 31, 1978, in Corvallis, ranging from $2,278,200 to $2,540,000. Although the lowest base bid was approximately 12.6% above the estimate, the federal government authorized the Board to proceed with the project without exercising any of the deductive alternates. The following budget was approved:

Direct construction costs:
- Todd Building Company, Roseburg $2,278,200

Professional service fees:
- Design services, including plan review charges of Oregon Department of Commerce, surveys, etc. $171,971
- Contract administration, construction supervision testing, balancing of mechanical systems, etc. 74,090 246,061

-803-
Movable equipment

97,420

Miscellaneous project expenses (sewer connection charge, bid advertising, etc.)

8,749

Contingencies (approximately 2% of direct construction costs)

45,570

Total

$2,676,000

The description of the project corresponds with that reported to the Board on March 24, 1978, following the acceptance of the schematic design phase of planning, and on May 26, 1978, following the acceptance of the design development phase of planning, except that as a result of the federal government's commitment of additional funding, the connector between the isolation wing and the experimental wing will be included, and the partial second floor within the experimental wing (for the data processing and simulation areas) will be finished. Thus, the total gross area of the new building will be approximately 30,378 square feet.

All of the funding required for the project is being provided by the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce. The work is being accomplished in accordance with the arrangements which the Board authorized December 16, 1977.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OSU Newport Aquaculture Laboratory Facilities of National Marine Fisheries Service

Architects - Hewlett, Jamison, Atkinson & Luey, Portland

Board's priority - Not applicable

Legislative authorization - Not applicable

Estimated total project cost

$ 2,676,000

Estimated total gross area - 30,378 square feet

Estimated direct construction costs:

Building and fixed equipment (excluding support facilities and site development costs) -

Total - $ 1,642,000

Average (per square foot) - $54.05

Tentative schedule:

Contract award - September 1978

Completion - October 1979

Financing: Marine Fisheries Service, National Oceanic and Atmospheric Administration, U. S. Department of Commerce

Board Discussion and Action

The Board received the report as presented.

Report of
Inspection and
Acceptance of
School of Music
Additions and
Alterations, UO

Staff Report to the Board

Upon the recommendation of institutional officials and Broome, Oringdulph, O'Toole, Rudolf & Associates, project architects, the work of the prime contractors for the additions and alterations for the School of Music at the University of Oregon was accepted on behalf of the Board on August 3, 1978.
Portions of the work had been accepted previously as of September 22, 1977, and March 2 and May 18, 1978 as these portions were completed and occupied by the School of Music. The work was inspected by the Vice Chancellor for Facilities Planning and several institutional officials.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on November 19, 1976:

<table>
<thead>
<tr>
<th>Description</th>
<th>Revised Budget 8/3/78</th>
<th>Original Budget 11/19/76</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td>$1,827,945</td>
<td>$1,769,880</td>
<td>$58,065(1)</td>
</tr>
<tr>
<td>Howard Nelson Construction Co., Eugene</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Morris P. Kiely, Eugene (Middle Building Remodel)</td>
<td>80,089</td>
<td>66,000</td>
<td>14,089(2)</td>
</tr>
<tr>
<td>Subtotal direct construction</td>
<td>$1,908,034</td>
<td>$1,835,880</td>
<td>$72,154</td>
</tr>
<tr>
<td>Professional services fees (including repayment of DHUD 1965 planning advance)</td>
<td>221,338</td>
<td>201,187</td>
<td>20,151</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>63,000</td>
<td>63,000</td>
<td></td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>77,628</td>
<td>81,439</td>
<td>(3,811)</td>
</tr>
<tr>
<td>Contingencies</td>
<td>88,494</td>
<td>88,494</td>
<td></td>
</tr>
<tr>
<td>Total project costs</td>
<td>$2,270,000</td>
<td>$2,270,000</td>
<td></td>
</tr>
</tbody>
</table>

(1) Includes extra cost for rock excavation; relocating an existing water line; providing a storm drain cleanout; modifying an existing 4" storm drain line; modifying existing utility tunnel wall; installing an electrical raceway for future yard lighting; providing an additional sump pump; adding seal coat to brickwork below grade; revising electrical service from pad-mount to pole-mount transformer and installing in existing transformer vault; providing a one-hour wall behind the electrical switchgear; revising entry ramp for handicapped; replacing existing sidewalks; modifying the fire alarm system; relocating storm water lift station; changing brick size to fit modular design; revising stair access to mechanical room; revising electrical work to accommodate building automation systems; revising finish hardware schedule; revising safety work in existing balcony; changing galvanized water pipe to copper; changing asphalt paving grade at building entry; deleting waterproofing behind brick veneer; deleting metal frames at entry mats; removing existing window and filling opening; changing wire doors to solid doors at instrument storage cabinets; relocating area drain; relocating porch lights; revising wiring for magnetic door holders; installing plywood under gypsum board for material protection; installing new door and frame at elevator equipment room; re-routing an interior roof drain line; providing extra piping for remote cooler installation; deleting labeling mechanical piping; deleting instrument racks; modifying ceiling installation in remodel area; changing all entry mats from sisal to rubber; deleting requirement to seal interior brickwork; and other minor modifications included within fifteen approved change orders.

(2) Includes the relocating of a sanitary waste line, rerouting an existing fire sprinkler line around a new stairwell; removing an existing fire hose cabinet; revising mailbox sizes; removing deteriorated existing lath and plaster and replacing with gypsum board at west wall of Corridor No. 2; adding two telephone outlets and other minor modifications within three approved change orders.
The work provided new additions to the north and to the east as well as
certain remodeling within the existing building complex for the School of
Music. One of the additions is a two-story unit north of the Beall Concert
Hall and contains a gross area of approximately 18,619 square feet. It
provides choral and group instrumental instructional facilities, several
teaching studios and ensemble rehearsal rooms, practice rooms, storage
rooms, and other related service areas. The other addition, also a
two-story unit, extends east from the connector between the existing middle
and south buildings and contains a gross area of approximately 9,622 square
feet. This addition provides space for seven offices, twenty-six studios
and practice rooms. The former open air corridor between the middle
and south buildings has been replaced with an enclosed circulation area which
serves as the School's hearth. An elevator was installed to provide improved
access by the physically handicapped and to assist in the movement of
pianos and other musical instruments. Certain minor remodeling was per­
formed, the major element of which was the provision of four rooms for
Composition in the south building.

The correction of safety deficiencies (as part of the project) included
exitway and access improvements, a fire alarm system, emergency lighting,
upgrading of the electrical system and some structural modifications.

The work performed in the middle building was contracted separately and
included remodeling of the first floor level for administrative offices.
Revisions were made to the heating and ventilating systems and the patching
and painting of walls and new floor covering throughout was included.

The total project cost of $2,270,000 includes $200,000 for the correction of
safety deficiencies. Except for the amount of approximately $10,000 bud­
geted for the initial phase from the authorizations approved within Chapter 48,
Oregon Laws 1975, these safety deficiency corrections were financed from
savings of $190,000 realized from another capital construction project follow­
ning approval by the State Emergency Board on June 25, 1976.

The balance of $2,070,000 was provided in equal shares from the General
Fund appropriation and Article XI-G bond proceeds authorized by Chapter 331,
Oregon Laws 1975.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO School of Music Additions and Alterations

Architects - Broome, Oringdulph, O'Toole, Rudolf & Associates, P.C., Portland

Board's priority - No. 10 in 1973-1975 (Educational and General Plant)

Legislative authorization - Chapters 48 and 331, Oregon Laws 1975

Estimated total gross area of new construction - 28,241 square feet
(area of minor remodeling not included)

Total project costs $ 2,270,000

Direct construction costs:
Total (including correction of safety deficiencies and
minor remodeling) $ 1,908,034
Estimated total for new construction $ 1,648,825
Average (per square foot) - $58.38
Tentative financing plan:
General Fund appropriation (Chapter 331, Oregon Laws 1975) $1,130,000
General Fund appropriation (Chapter 48, Oregon Laws 1975) 5,000
Article XI-G bond proceeds $1,135,000
Total $2,270,000

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials and CH2M/Hill, Consulting Engineers, the work of the prime contractor for the safety deficiency corrections work within the Central Heating Plant at the University of Oregon was accepted on behalf of the Board as of July 20, 1978, subject to the completion of items on the engineers' punchlist. The work was inspected on behalf of the Board by the Vice Chancellor for Facilities Planning.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on March 24, 1978:

<table>
<thead>
<tr>
<th>Description</th>
<th>Revised Budget 7/20/78</th>
<th>Original Budget 3/24/79</th>
<th>Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S2 Contractors, Inc., Springfield</td>
<td>$144,970</td>
<td>$133,477</td>
<td>$11,493 (1)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>14,497</td>
<td>13,348</td>
<td>1,249</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>18,533</td>
<td>23,166</td>
<td>(4,633)</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td>8,009</td>
<td>(8,009)</td>
</tr>
<tr>
<td>Total</td>
<td>$178,000</td>
<td>$178,000</td>
<td>$ -</td>
</tr>
</tbody>
</table>

(1) Includes modifying boiler feed pump section piping; increasing the pump flow for vertical in-line pumps; changing the specification for welding-neck type flanges; adding a specification for globe valves two-inches and larger; substituting smooth aluminum jacketing for 8-oz. canvas jacket as specified; deleting steel gratings and pipe handrail work (accomplished by Physical Plant forces); deleting new combination starters and reutilizing existing; installing Owner-furnished temporary boiler and making equipment connections for steam during change-over to new equipment; providing strainer in new 10-inch feedwater pump suction line; installing electrical service from low level alarms to the control panel; deleting work required for replacing north exterior wall of the heating plant (accomplished by Physical Plant forces) and other minor modifications included within seven approved change orders.

The work of the contract included the installation of a new spray-type deaerator with piping, accessories and necessary structural modifications; the installation of a new steam turbine-driven boiler feedwater pump; and the installation of a six-inch boiler feedwater header, all within the existing central utility plant.

Of the total expenditure requirements of $178,000 for the project, 65%, or $116,000, was charged against the allocation of state funds of $1,675,000 for safety deficiency corrections, Phase I, at the University of Oregon, as part
Meeting #451

of the program authorized by Chapter 48, Oregon Laws 1975. The remaining 35%, or $62,000, was charged against resources available to the institution and the Board for auxiliary enterprises. This distribution of funding is consistent with the capital construction policies of the Board and was approved by the Board and the State Emergency Board on January 27, 1978.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO Safety Deficiency Corrections, Phase I (Central Heating Plant Boiler Feedwater Supply Deaerating Heating Capacity Improvements)

Engineers - CH2M/Hill, Consulting Engineers, Corvallis

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

Legislative authorization - Chapter 48, Oregon Laws 1975, and Emergency Board action on January 27, 1978

Estimated total project costs (this portion only) $178,000

Estimated total direct construction costs (this portion only) $144,970

Financing plan:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund appropriation</td>
<td>$56,000</td>
</tr>
<tr>
<td>Article XI-G bond proceeds</td>
<td>$82,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$138,000</td>
</tr>
<tr>
<td>Auxiliary enterprises balances</td>
<td>$52,000</td>
</tr>
<tr>
<td>and/or Article XI-F(1) bonding</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$178,000</td>
</tr>
</tbody>
</table>

Board Discussion and Action

The Board received the report as presented.

Report of Bids for Safety Deficiency Corrections (Carson Hall and University Inn Fire Protection Systems), UO

Staff Report to the Board

At the May 26, 1978, meeting of the Board and at the June 16, 1978, meeting of the State Emergency Board, authorization was given for the expenditure of $446,000, or as much thereof as required, for automatic fire protection systems within Carson Hall and the University Inn, residence halls at the University of Oregon, in order to comply with requirements of the City of Eugene. A single bid received on June 6, 1978, for the work within University Inn exceeded substantially the estimate of CH2M/Hill, Inc., consulting engineers. Inasmuch as the City of Eugene was then in the process of revising its ordinances relating to fire protection systems within high-rise residential buildings of this type, it was deemed advisable to reject this bid, revise the construction documents and rebid the work for the University Inn at a later time when the work could be scheduled with appropriate consideration for the users and occupants of the facility.

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Keith Kruchek/Consulting Engineers, Inc., Portland, for the automatic fire sprinkler systems within Carson Hall were accepted on behalf of the Board. Two bids were received for the work on July 13, 1978, one in the amount of $196,593 and the other for $242,550. Although the low bid exceeded the engineers' estimate, sufficient resources were available within the approved expenditure limitation, so a contract award was made and the following tentative budget was approved for this portion of the work:
Direct construction costs:
   EMK Contractors, Inc., Eugene  $ 196,593
Professional services fees  11,000
Construction supervision and miscellaneous costs  9,577
Contingencies  9,830
Total  $ 227,000

The work of the contract includes the addition of automatic fire sprinklering throughout the building and improvements to the fire alarm system by adding automatic capabilities and an annunciator panel for system supervision. The requirements correspond with those mandated by the City ordinances, as recently amended.

The expenditure requirements are being financed from resources available to the institution from housing operations and/or from self-liquidating bond borrowings issued under the provisions of Article XI-F(1) of the Oregon Constitution.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - UO Safety Deficiency Corrections (Carson Hall)

Engineer - Keith Kruchek/Consulting Engineers, Inc., Portland

Board’s priority - Not applicable

Legislative authorization - State Emergency Board action of June 16, 1978

Total project costs (this portion only)  $ 227,000
Total direct construction costs (this portion only)  $ 196,593

Scheduled completion - October 1979

Tentative financing plan:
   Income available to the institution from housing operations and/or from self-liquidating bond borrowings issued under the provisions of Article XI-F(1) of the Oregon Constitution  $ 227,000

Board Discussion and Action

The Board received the report as presented.

Report of Appointment of Architect for Amazon Housing Condition Survey, UO

Staff Report to the Board

Upon the recommendation of officials of the University of Oregon, and in accordance with the provisions of AR 580-50-020 (formerly AR 70.146), arrangements were made for the services of Albert Pastine, Architect, Eugene, to assist in a study of building and housing conditions at the Amazon married student housing complex. Tentatively, the study is expected to include at least the following:

(1) A survey of typical building types/building conditions, consisting of an on-site inspection in order to identify separately:
   (a) Conditions not meeting standards of existing housing codes;
   (b) Structural defects that affect the safety of the buildings;
   (c) Structural defects that affect the usefulness of the buildings;
   (d) Elements of deferred maintenance that need to be corrected to assure the continued occupancy of the building over a specified period of time;
Meeting #451  September 29, 1978

Report of Bids and Contract Award for Safety Deficiency Corrections, Phase II (Susan Campbell and Hendricks Halls), UO

Staff Report to the Board

Upon the recommendation of institutional officials, the final drawings and specifications for the correction of safety deficiencies within Susan Campbell and Hendricks Halls at the University of Oregon, which were prepared with the assistance of Mention/Hanns/Lindburg, Architects, Eugene, were accepted on behalf of the Board. Three bids were received on August 17, 1978, ranging from a low of $392,280 for the combined bid, net of the deduction for four bid alternates which were exercised, to a high of $422,949. Separate bids were taken for the work within each of the two buildings with provision for an optional bid for a combination of the work within both buildings. Each bidder entered a combined bid which was lower than the sum of the separate bids. Inasmuch as resources were available for the work, a contract award was made to the lowest bidder and the following tentative budget was approved for the project:

Direct construction costs:
  - John T. Moody & Sons Construction Company, Junction City $392,280
  - Professional services fees 43,228
  - Construction supervision and miscellaneous costs 23,955
  - Works of art 3,923
  - Contingencies 19,614

Total $483,000

The work of the contract includes improvements to exitways and the upgrading of the electrical systems in both buildings, including emergency lighting improvements and new distribution panels. New transformers in a
new vault are included for Susan Campbell Hall. The work deleted by exercising the deductive bid alternates included the proposed addition of supplemental structural bracing in unexcavated areas and the deletion of all work within the basement areas of both buildings (other than exitway improvements). These items will be deferred until additional remodeling work in these buildings is authorized.

The expenditure requirements for this project are being charged against the total expenditure limitation of $4,330,000 provided within Chapter 560, Oregon Laws 1977, for Phase II of the Safety Deficiency Correction Program throughout the State System of Higher Education.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - UO Safety Deficiency Corrections, Phase II (Susan Campbell and Hendricks Halls)

Architects - Menton/Hanns/Lindburg, Eugene

Board's priority - Part of No. 1 in 1977-1979 (Educational and General Plant)

Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated total project costs (this portion only)  $483,000

Estimated total direct construction costs (this portion only)  $392,280

Scheduled completion - January 1979

Tentative financing plan:

| General Fund appropriation | $241,500 |
| Article XI-G bond proceeds | 241,500 |
| **Total** | **$483,000** |

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials and Zimmer/Gunsul/Frasca Partnership, project architects, the work of the prime contractor for remodeling work on the third floor of the Dental School Building for the Preclinical Technique Dental Laboratories was accepted on behalf of the Board as of July 7, 1978, subject to the completion of items appearing on the punchlist prepared by the architects. The work was inspected on behalf of the Board by the Vice Chancellor for Facilities Planning.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on September 30, 1977:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 7/7/78</th>
<th>Original Budget 9/30/77</th>
<th>Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furber Construction Co., Beaverton</td>
<td>$585,034</td>
<td>$558,220</td>
<td>$26,814 (1)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>58,503</td>
<td>55,822</td>
<td>2,681</td>
</tr>
<tr>
<td>Furnishings and Equipment</td>
<td>97,095</td>
<td>99,883</td>
<td>(2,788)</td>
</tr>
</tbody>
</table>
Construction supervision and miscellaneous costs (including works of art)

<table>
<thead>
<tr>
<th></th>
<th>39,368</th>
<th>27,000</th>
<th>12,368</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingencies</td>
<td></td>
<td>39,075</td>
<td>((39,075))</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$780,000</td>
<td>$780,000</td>
<td>$780,000</td>
</tr>
</tbody>
</table>

(1) Includes relocating exterior electrical conduit feeding trailer offices; relocating existing piping discovered between column Nos. 1 & 2; relocating existing electrical circuits not shown previously; taking credit for deleting revisions to an existing air supply unit and for utilizing modular cabinet work; relocating mechanical room to avoid expensive shoring system required by the City of Portland; relocating stainless steel exhaust duct; adding light fixtures; adding stainless steel corners and guards at carts; modifying casting machine cabinet and other minor modifications within three approved change orders.

Under this contract all of the third floor of the Dental School Building except the elevator lobby, and the stairways and the restrooms, was remodeled for instructional laboratory spaces and related office and services areas. Laboratory stations were provided for 168 students in a flexible arrangement capable of subdividing two major groupings of 84 stations into smaller areas each containing 20-22 student stations. Each smaller group may be separated from the others by sound-absorbing, movable partitions mounted on a ceiling track. Environmental systems for proper ventilation, exhaust of heat and particulate debris, and control of plaster in drainage have been provided.

Expenditures for this project were charged against the limitation of $780,000 provided in equal shares from the General Fund appropriation and Article XI-G bond proceeds under Chapter 560, Oregon Laws 1977.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UOHSU Dental School Preclinical Technique Dental Laboratory Remodeling

Architect - Zimmer/Gunsul/Frasca Partnership, Portland

Board's priority - No. 3 in 1977-1979 (Educational and General Plant)

Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated area:
- Remodeled on third floor - 8,115 sq. ft.
- Constructed at grade - 225 sq. ft.
- **Total** 8,340 sq. ft.

Total project costs $780,000

Total direct construction costs $585,034

Average (per square foot) - $70.15

Tentative financing plan:
- General Fund appropriation - $390,000
- Article XI-G bond proceeds - $390,000
- **Total** $780,000

Board Discussion and Action

The Board received the report as presented.
Report of Inspection and Acceptance of Clinical Research Center and Bio-Chemistry Research Laboratories Renovations, UOHSC

Upon the recommendation of institutional officials and Broome, Oringdulph, O'Toole, Rudolf & Associates, P.C., project architects, the work of the prime contractor for the completion of the diet kitchen in the Clinical Research Sciences Center was accepted on behalf of the Board as of August 11, 1978. Inasmuch as the inspection and acceptance of the three previous phases of work for the Clinical Research Center and Bio-Chemistry Research Laboratories Renovations had not been reported to the Board, the following summaries of the project budgets, both post-bid and semifinal, are presented:

POST-BID SUMMARY

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td>7/20/76</td>
<td>9/28/76</td>
<td>1/27/78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gene H. Settergren, Portland</td>
<td>$40,600</td>
<td>$51,980</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bart Hess Building Contractor, Inc., Portland</td>
<td>$89,720</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associated Building Contractors, Inc., Beaverton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional services fees</td>
<td>$4,872</td>
<td>$12,016</td>
<td>$6,238</td>
<td>$5,715</td>
<td>$28,841</td>
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<tr>
<td>Furnishings and equipment</td>
<td>$5,120</td>
<td>$12,862</td>
<td>$6,821</td>
<td>$5,691</td>
<td>$30,494</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>1,998</td>
<td>8,342</td>
<td>5,100</td>
<td>1,027</td>
<td>16,467</td>
</tr>
<tr>
<td>Contingencies</td>
<td>2,030</td>
<td>7,800</td>
<td>4,158</td>
<td>1,300</td>
<td>15,288</td>
</tr>
<tr>
<td>Totals</td>
<td>$49,500</td>
<td>$117,878</td>
<td>$67,476</td>
<td>$49,534</td>
<td>$284,338</td>
</tr>
</tbody>
</table>

(1) Out of an expenditure limitation of $75,000

SEMIFINAL SUMMARY

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td>6/4/76</td>
<td>4/12/77</td>
<td>12/30/77</td>
<td>8/11/78</td>
<td></td>
</tr>
<tr>
<td>Professional services fees</td>
<td>$42,666</td>
<td>$98,692</td>
<td>$56,844</td>
<td>$38,651</td>
<td>$236,853</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>$5,120</td>
<td>$12,862</td>
<td>$6,821</td>
<td>$5,691</td>
<td>$30,494</td>
</tr>
</tbody>
</table>

-813-
Construction supervision and miscellaneous costs

<table>
<thead>
<tr>
<th>Contingencies</th>
<th>1,714</th>
<th>6,324</th>
<th>3,811</th>
<th>1,932</th>
<th>13,781</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>$ 49,500</td>
<td>$117,878</td>
<td>$ 67,476</td>
<td>$ 49,534</td>
<td>$284,388</td>
</tr>
</tbody>
</table>

(1) Out of an expenditure limitation of $75,000

SOURCES OF FUNDS

(A) Capital outlay building use credits - $49,500

(B) Gifts and grants, principally from the National Institutes of Health and the Department of Health, Education, and Welfare as follows: $107,110, DHEW; $9,568, other gifts and grants; and, $1,200, operating budget of the institution - $117,878

(C) Gifts and grants, principally from the National Heart and Lung Institute of the Department of Health, Education, and Welfare - $67,476

(D) Gifts and grants, principally from the National Institutes of Health of the Department of Health, Education, and Welfare - $49,534

Total - $284,388

The Board's priority and legislative authorization are not applicable to this work; however, the State Emergency Board took approving action on the following dates: January 1, 1975 (permission to file grant application), November 21, 1975, May 28, 1976, and July 5, 1977.

The Metabolic Laboratories Phase I work consisted of remodeling on the fourth floor of the Medical Research Building to provide two standard wet laboratories for the research work involved in the program for cardiovascular disease. Approximately 612 square feet of remodeled area is included in this work.

The work of the contract for the Clinical Research Center in the University Hospital North consisted of expanding the present center to approximately 4,243 square feet. An existing patient ward on the second floor was remodeled to provide an intensive care unit, a future diet kitchen, a new toilet room and the remodeling of an existing toilet room. Renovation work of cleaning, patching and painting in the area was also included.

The remodeling work of the contract for the Metabolic Laboratories Remedel II involved approximately 1,122 square feet of space and provided two laboratories, three offices, a conference room/library, a data processing area, a work room, and a glass washing/utility room. Fume hoods and other laboratory equipment items were installed. This facility is an extension of the remodeling completed under the contract for Phase I work.

The work of the contract for the completion of the diet kitchen in the Clinical Research Center on the second floor of the University Hospital North included finishing and equipping the diet kitchen of approximately 364 square feet as a working space which was provided in the earlier contract described above. A center working island surrounded by basic equipment was included as were areas for preparing formulas and weighed mixed food diets, recipe development and testing, for tray set-up, and for tray clean-up. The equipment installed included a metabolic balance scale.
microwave oven, a warmer, refrigerator and a freezer. Furnishings included dining tables, chairs, and table service for the patient day room which serves as the dining area.

**Board Discussion and Action**

The Board received the report as presented.

**Staff Report to the Board**

Pursuant to authorization granted by the Board at the special meeting on August 25, 1978, a contract award was made to E. Carl Schiewe, Inc., Portland, who had submitted the lowest bid on August 1 for the Smith Memorial Center Remodel project at Portland State University. By exercising all deductive alternates and by effecting further reductions within a change order executed simultaneously with the award, the net amount of the contract was $449,636. The total project budget of $610,000 corresponded with that which had been proposed to the Board on August 25.

The concurrence of the other two bidders was obtained, both in the procedure for negotiation and the amount of the credit obtained for work deleted from the contract documents, prior to the execution of the contract with E. Carl Schiewe, Inc.

Consistent with the financing plan approved by the Board and the 1977 Legislature, all of the project costs are being financed from Article XI-F(1) bond borrowings and from balances available for auxiliary enterprises.

**Board Discussion and Action**

The Board received the report as presented.

**Staff Report to the Board**

Based upon the recommendation of officials of Oregon College of Education, and in accordance with the provisions of AR 580-50-020 (formerly AR 70.146), arrangements were made with Payne Settecase Smith Doss, Architects, Salem, for professional services relating to the development of a building program and the preparation of the schematic design phase of planning for the proposed reconstruction of the stadium at Oregon College of Education which was destroyed by fire earlier this year.

For their services and expenses in this assignment, the architects are to be compensated on a time and materials basis not to exceed a maximum of $3,555. Upon the completion and acceptance of the schematic design phase of planning for the work, if mutually satisfactory arrangements can be made, the scope of the architects’ services may be extended to include the complete design and contract administration of the stadium reconstruction project.

Funds required for the initial planning are being provided from resources available for the restoration of the facilities.

**Board Discussion and Action**

The Board received the report as presented.
Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Morrison, Funatake, Inouye, Andrews, Inc., Consulting Engineers, Portland, for the safety deficiency correction work within Arnold Arms, Physical Plant Building, Campus Elementary School and Old Physical Education Building at Oregon College of Education were accepted on behalf of the Board.

Bids were called for two major categories of work, i.e., mechanical and electrical work within the several buildings. Three bids were received in Monmouth on August 8, 1978, for the mechanical work, ranging from a low of $9,457 to a high of $32,000. Two bids were received at the same time for the electrical work, one in the amount of $32,000 and the other for $52,468, but inasmuch as the low bidder made a major error in the compilation of the bid (confirmed by the project engineers), and requested relief, the bidder was released from the bid without penalty. The sum of the lowest acceptable bids was within the resources available, so contract awards were made and the following tentative budget was approved for the project:

<table>
<thead>
<tr>
<th>Direct construction costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechanical work - Thomas E. Barker dba Discount Fire Systems, Clackamas</td>
<td>$9,457</td>
</tr>
<tr>
<td>Electrical work - Linnco Electric Co., Albany</td>
<td>52,468</td>
</tr>
<tr>
<td>Other work being accomplished on a force account basis or through purchase contracts through Department of General Services</td>
<td>56,015</td>
</tr>
<tr>
<td>Total direct construction costs</td>
<td>$117,940</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>11,000</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>3,632</td>
</tr>
<tr>
<td>Contingencies</td>
<td>7,458</td>
</tr>
<tr>
<td>Total</td>
<td>$140,030</td>
</tr>
</tbody>
</table>

The work of the mechanical contract includes exitway protection for Arnold Arms (consisting of automatic fire sprinkler and related work) and ventilation and roof drainage work for the Physical Plant Building Addition. The work of the electrical contract includes the upgrading of electrical systems and improvements to the fire alarm systems in the Campus Elementary School and the Old Physical Education Building and a complete electrical lighting and power system for the Physical Plant Building Addition.

The work being accomplished directly by the Physical Plant Department of the institution or through purchase contracts awarded by the Department of General Services includes the construction of a paint spray booth at the Physical Plant Building, the installation of a dust control system there, the provision of handrails at the Campus Elementary School, new doors at the Humanities-Social Science Building and a covered stairway at the Senior Cottage.

Expenditure requirements for the project are being charged against resources of $133,000 provided within Chapter 560, Oregon Laws 1977 for Phase II of the Safety Deficiency Corrections Program and against a balance of approximately $7,030 available from the Phase I safety program authorized by Chapter 48, Oregon Laws 1975.

**RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARDS**

Project - OCE Safety Deficiency Corrections, Phase II (Arnold Arms, Physical Plant Building, Campus Elementary School and Old Physical Education Building)
Engineers - Morrison, Funatake, Inouye, Andrews, Inc., Portland

Board's priority - Part of No. 1 in 1975-1977 and 1977-1979 (Educational and General Plant)

Legislative authorization - Chapter 48, Oregon Laws 1975 and Chapter 560, Oregon Laws 1977

Estimated total project costs (this portion only) $140,030

Estimated total direct construction costs (this portion only) $117,940

Estimated final completion date - January 1979

Tentative financing plan:

General Fund appropriations:
Chapter 48, Oregon Laws 1975 $3,515
Chapter 560, Oregon Laws 1977 66,500
Subtotal $70,015

Article XI-G bond proceeds 70,015

Total $140,030

Board Discussion and Action

The Board received the report as presented.

CONDITION OF BOARD'S SPECIAL AND PLANT REHABILITATION RESERVES
As of September 30, 1978, for Fiscal Year Ending June 30, 1979

Staff Report to the Board

I. Board's Reserve for Plant Rehabilitation

Balance as of July 28, 1978 $129,231

Less: Accounts Approved by the Chancellor:
For Rehabilitation of Stairway North of Administration Building at EOSC (3,000)
For Resealing Exterior of Plaza at Science I at PSU (12,500)

Balance as of September 30, 1978 $113,731

Plus unexpended balance to be carried forward from FY 1977-78 92,539

Total $206,270

Adjournment The Board meeting was adjourned at 3:55 P.M.

Wilma L. Foster, Secretary
Oregon State Board of Higher Education

Louis B. Perry, President

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SUPPLEMENT A

A Proposed Joint Statement by
The Oregon State Board of Education
and the Oregon State Board of Higher Education

Coordination of Off-Campus Credit and Non-Credit Education,
and Articulation Among and Between Two- and Four-Year Colleges and Universities
and Secondary Schools

August 1978

Sharing as we do responsibility for public post-high school education in Oregon and having shared interests in some aspects of education affecting public elementary and secondary education, the members of the State Board of Higher Education and the State Board of Education consider it essential that they be in continuing and close touch with each other on matters of mutual interest. There are several such matters, of which the subject of this present statement is one.

As the two Boards engage in joint consultations with respect to shared interests—which we anticipate doing more frequently than in the past—we believe that it may prove useful from time to time to summarize our views and to formalize them in statements such as this present one. As benchmarks, these statements will offer opportunity to clarify for all who have an interest in public education in Oregon, the shared views of the joint Boards in areas in which their official responsibilities are joined.

The accompanying statement on (1) the coordination of off-campus credit and non-credit education, and (2) articulation among and between two- and four-year colleges and universities, and secondary schools, is the 1978 version of these statement.

The Joint Boards acknowledge the assistance of the Task Force on Postsecondary Education, consisting of representatives of the two Boards, the Educational Coordinating Commission and the Legislature in the development of this statement.

A Proposed Joint Statement by
The Oregon State Board of Education
and the Oregon State Board of Higher Education

Coordination of Off-Campus Credit and Non-Credit Education,
and Articulation Among and Between Two- and Four-Year Colleges and Universities
and Secondary Schools

The Oregon State Board of Higher Education and the Oregon State Board of Education have mutual interests in serving the continuing education needs of Oregon. In this they are joined by a wide range of other agencies, some public and some private, which have had, and should continue to have, significant roles to play in the future. These include, but are not limited to the following: independent colleges and universities, some federal and state governmental agencies, park and recreation districts, YMCA-YWCA, proprietary schools, labor unions, the grange, and others.

We believe that efficient use of the educational resources which the above agencies—public and private—represent, will require continuing efforts to achieve greater coordination in planning and scheduling of off-campus educational programs and offerings. In the interest of promoting that coordination we should like to: (1) review the principal efforts that have to the present been made toward promoting coordination, and (2) suggest some assumptions and principles which we believe ought to guide the schools, colleges, universities, and other agencies under our jurisdiction in their efforts to coordinate off-campus education in Oregon.
Steps Toward Coordination in Continuing Education

Apart from the many informal but important relationships that have developed among employees of our two boards interested in off-campus education—and there are a good many such relationships (see Appendices A and B)—there have been three formal proposals in recent years relating to coordination in continuing education:

The Oregon Legislative Assembly—in establishing authorization for local school districts not included within a community college district to contract with the state department of higher education for lower-division college transfer courses, and with the state department of education for post-high school vocational courses—stipulated (ORS 336.155) that:

The Department of Education and the Division of Continuing Education [of the state system of higher education] shall establish procedures to assure that duplication of classes does not occur.

The post-high school study (1966) conducted by a committee consisting of selected presidents from the State System, the community colleges, independent colleges and universities, and the Board's Office (Higher Education,) appointed by the Educational Coordinating Council recommended that "those who have administrative responsibilities in Oregon education, in order to find ways of sharing the task and supplementing each other's efforts in continuing education, establish a Council on Continuing Education." Such a council, it was recommended, should have as its purpose "arriving at decisions and understandings, interpreting policy and exploring broad areas of mutual concern with the hope that, in appropriate instances, responsibility for program development and administration could be shared."

This recommendation was followed by the appointment by the Educational Coordinating Council of a committee on continuing education having representation from the Legislature and key agencies offering continuing education programs.

The aforementioned committee issued a report in October 1968, which called for the establishment of local coordinating committees on continuing education to be established in some 11 regions of the state "for the purpose of discussing mutual problems, particularly in regard to duplication of services."

- The committee recommended that the functions of these local coordinating committees should include: definition of unmet continuing education needs, development of long-range plans to provide programs, encouragement of cooperation among continuing education agencies, encouragement of sharing of resources, development of area catalogs listing continuing education and community service needs, and coordination of programs so as to avoid conflicts among the agencies offering continuing education programs or courses.

In 1970, the State Board of Education and the State Board of Higher Education adopted a joint agreement entitled "Coordination of Continuing Education and Community Service Programs."

In September 1977, a joint Task Force on Postsecondary Education with representation from the State Board of Higher Education, State Board of Education, the Legislative Assembly, and the Educational Coordinating Commission was formed to review the 1970 joint agreement, to propose appropriate amendments thereto, and such additional steps as seem necessary to make available to Oregon's residents access to effective programs of education without unnecessary duplication of effort.

It is in the context of the foregoing developments that we, the members of the State Board of Education and the State Board of Higher Education, now set forth a statement of guidelines for the coordination of off-campus activities of the educational agencies under our general jurisdiction, and articulation between educational segments and other public and private agencies.
General Guidelines

1. We affirm our long-standing support of continuing education (credit and non-credit, campus and off-campus) in Oregon. Continuing education—once thought of as desirable for some but not essential for most—has come to be seen in these times as necessary to all who would escape early occupational, educational, or cultural obsolescence.

2. We believe that off-campus education should be seen by the schools, colleges, and universities, and other educational agencies under our jurisdiction, as an integral part of their responsibilities to the people of Oregon.

3. We emphasize that the disparate lifelong educational needs of Oregon citizens require that Oregon's educational institutions and agencies offer educational opportunities (including advising services) in a variety of modes, at times and locations that will accommodate the needs of prospective students and that will provide means for students to validate and receive credit for relevant knowledge they possess, irrespective of how or when acquired.

4. We commend the steps—formal and informal—that have been taken to bring about greater coordination of effort among the several educational agencies. We cite, in particular, the individual agreements drawn up between each community college and the Oregon State University Extension Service. We urge the continuation and renewal of these or similar formal agreements as may be necessary in the face of changing needs.

5. We commend the State System/Community College Coordinating Committee for its contributions to affective articulation between the State System institutions and the community colleges, and encourage the Committee in its continuing efforts.

The joint Boards request that the Committee give consideration to identifying ways in which the Committee might also promote articulation between colleges/universities and the secondary schools. In so doing, the Committee should avoid duplicating the articulation efforts of the High School-College Relations Council.

The Committee consists of the seven members appointed by the State Department of Higher Education and an equal number appointed by the State Department of Education. Representatives of the independent colleges and universities and of the Oregon Educational Coordinating Commission are participant observers, by invitation of the Committee. The Committee meets at least once each term to consider shared interests and concerns and to iron out such difficulties as may have arisen involving State System institutions and community colleges (e.g., student transfer problems, policies governing recording of credits on transcripts, course numbering, development of student writing competency.)

6. Periodically, at the request of one or both Boards, or upon the initiative of the Board's staffs, the staffs of the two Boards shall render reports to the joint Boards concerning accomplishments, problems, and plans relating to articulation between the two- and four-year colleges and universities and between the colleges/universities and the secondary schools, including, in particular, a report of the accomplishments, problems, and plans of the State System/Community College Coordinating Committee.

7. Any intersegmental issues related to matters under consideration in this statement, and affecting the two- and four-year public colleges and universities, the independent colleges and universities, or the public schools, which cannot be agreeably resolved by the segments concerned, may be referred to the Educational Coordinating Commission for review and recommendation.

8. Allocation to specific agencies under the jurisdiction of the two Boards of primary responsibility for the following aspects of off-campus education is made as follows:

   Adult basic education (i.e., to develop reading, writing and computational skills of adults to the twelfth grade or lower level) is the primary responsibility of the community colleges and/or area education districts, except in areas lying outside community college and area education districts, where the local public schools have primary responsibility.
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Lower-division academic credit courses offered off-campus are the primary responsibility of the community colleges and/or area education districts in regions included within community college and area education districts. (The role of the independent colleges and universities is acknowledged.)

Outside such districts, the State System of Higher Education, the community colleges, or independent colleges and universities may share the responsibility of offering lower-division courses as may best serve the needs and interests of the area.

Lower-division vocational-technical work offered off-campus is the primary responsibility of the community colleges and/or area education districts in regions included within community college and area education districts, except for activities which have historically been within the purview of the Oregon State University Extension Service. (The role of the proprietary schools is acknowledged.)

Outside such geographic areas, lower-division vocational-technical programs and services may be offered by whatever agencies have the resources (e.g., community colleges, Oregon Institute of Technology, Oregon State University Extension Service.)

Upper division, graduate and advanced graduate courses and programs are the primary responsibility of the State System of Higher Education, a responsibility which it shares with Oregon's independent colleges and universities.

Responsibility for non-credit courses and activities offered off-campus is to be shared by the agencies of the State Department of Education (community colleges, community schools) and those of the State Department of Higher Education (Oregon State University Extension Service, colleges and universities of the State System.) This sharing will be coordinated in accordance with the provisions of the section on Coordination, Appendix A.

[Note to the reader: The material which follows is proposed as a replacement for the material on coordination which appeared in the 1970 joint agreement.]

Coordination

Respecting coordination of off-campus credit and non-credit activities, the joint Boards agree that:

Planning can best be done by regions. For although there may be similarities in the categories and kinds of off-campus educational services needed in the several regions of the state there is variation in: (a) the nature of the agencies equipped to serve the continuing education needs of the several regions, and (b) their capacities to serve regional needs.

Planning regions will vary in size and in the constituency of the agencies involved.

Some planning regions will include a community college and one or more other agencies (e.g., community schools, park and recreation district, proprietary schools.) The Northwest region of Oregon, with Astoria as the focal point, is illustrative. Or, the Ontario area, with Treasure Valley Community College at the core, is another illustration.

Other planning regions will consist of (a) one or more four-year colleges and/or universities, (b) the community colleges serving the same area, and (c) such other agencies as desire to participate in the coordinative effort.

It is in this latter type of planning unit that the coordinating interests of the two Boards converge, owing to the presence in the unit of the two- and four-year colleges and universities. Such planning units would include each of the public four-year institutions (UO, OSU, PSU, SOSC, OCE, EOSC, OIT, UOHSOSC,) the community colleges, and independent colleges and universities serving the area, and such other agencies as wish to participate in a coordinated effort.
Coordination of the off-campus credit and non-credit activities of the two- and
four-year colleges within each of the several regions will be accomplished through
the presidents of these institutions jointly discussing institutional plans for offering
off-campus credit and non-credit activities.

The presidents of each of the public four-year colleges and universities will take
the initiative in bringing together the presidents of the community colleges and
independent colleges and universities serving the area, together with representa­
tives of the principal other agencies offering educational services to the area, for
the purpose of launching this coordinative effort. (The charge given the presidents
of the public four-year colleges and universities is not intended to preclude community
college presidents from convening such coordinative meetings as to them seems
desirable in coordinating educational efforts in their areas, as suggested in the
illustrations given at the bottom of the preceding page, relating to the Ontario and
Astoria areas.)

The plans should be sufficiently specific as to make clear in what ways the
institution plans on using off-campus credit and non-credit courses and activities
in the medium range future (i.e., What is the role of off-campus credit and
non-credit activities in the institutional plans? Whom does the institution wish
to serve through off-campus courses and programs? Through what kinds of
courses and programs? In what areas of the state? In what ways does the
institution plan on coordinating its planned off-campus activities with other
institutions and agencies?)

The plans should, at the same time, be sufficiently broad and future oriented
as not to require frequent discussions among institutional presidents in the
region as to the general structure of institutional plans. Once every several
years should suffice.

Should these consultations among the presidents identify unnecessary duplication
and overlap in the programs proposed in the institutional plans, the presidents of
the affected institutions will seek to negotiate a resolution of the problems. If they
are unsuccessful in so doing, they shall refer the matter to the State Department of
Higher Education and the State Department of Education, for appropriate action in
those instances in which public institutions are involved. The ultimate appeal in
intersegmental disagreements in these matters is to the Educational Coordinating
Commission.

Coordination at the operational level year-by-year or term-by-term is also encouraged
by the joint Boards, when that seems desirable. But the joint Boards do not wish
to mandate creation of regional coordinating committees in every corner of the state
that would be required to meet regularly when, in the judgment of those closest to
the scene, there is no necessity for such meetings.

The Boards anticipate that the presidential coordinative process will be sufficiently
effective that only infrequent regional coordinative meetings will be necessary.
Such intersegmental problems as may arise in the application of presidential agree­
ments will be resolved by direct and open discussion between and among the agencies
involved, or where necessary, by referral to the State Department of Higher Educa­
tion and State Department of Education (where the public institutions are involved.)

One practice that the Boards would like to encourage is the joint publication of the
listing of off-campus courses and programs to be offered by the several segments in
the same geographic area. This will greatly assist potential students in planning
their educational activities.
Appendix A

Coordination
of Public Two- and Four-year Colleges and Universities

Oregon has a proud record of cooperation between the State Board of Education and the State Board of Higher Education in bringing into being and nurturing Oregon's 13 community colleges, and in coordinating relationships between the community colleges and the State System institutions.

The Legislative Assembly gave to the State Board of Education major responsibilities for assisting at the conception and birth of each of Oregon's community colleges and for general oversight of the community colleges.

To the State Board of Higher Education the Legislative Assembly gave major responsibilities during the formative years of each of the community colleges to oversee, and to assure the development of, a college transfer program that would (1) assure ease of transfer of students from the two-year colleges to the four-year colleges and universities, and (2) assure that the courses and staff of the community college transfer programs were of a calibre that the community colleges could, without difficulty, meet accreditation standards of the Northwest Association of Schools and Colleges.

Those legislatively-mandated relationships between the State Board of Higher Education and the community colleges were to continue until the community college was accredited by the Northwest Association of Schools and Colleges. All 13 community colleges are presently accredited.

Continuing coordination of State System/community college activities is provided through the State System/Community College Coordinating Committee and by the following devices:

- Periodic meetings among two-year and four-year college and university faculty members in the same subject matter fields. These meetings bring together faculty in the same fields to discuss common problems and ways of easing the transition of students as they pass from two-year to four-year institutions and vice versa. Illustrative are the meetings held annually by faculties in health, physical education, and recreation, and the periodic meetings of faculty representatives in the law enforcement, nursing, and mathematics areas.

- Provision by the State System of needed transfer information to community college faculty advisors and students. The Board's Office (Higher Education) in collaboration with the deans and department heads of State System institutions, produces annually a publication entitled Transfer Programs, which sets forth recommended lower-division college transfer courses in each of more than 50 different academic and professional major fields of study that students in community colleges should take if they wish subsequently to transfer to State System institutions in any one of the fields, and to complete baccalaureate degree requirements without loss of time. Copies of Transfer Programs are distributed by the State System of Higher Education to community college faculty advisors, to high school counselors, and to State System faculty and administrative officers. The 1977-78 edition was distributed as follows: 1,800 to community college faculty advisors, 250 to high school counselors, and 500 to State System faculty and administrative officers.

- Invitational programs conducted on State System campuses for community college personnel. Various of the State System institutions conduct on-campus programs to acquaint community college personnel (deans, administrators, counselors, and others at the community college's discretion) with the uniqueness of the programs and services of the State System institutions being visited. In some, community college representatives have opportunities to visit with former students enrolled in the senior institution wherein circumstances of ease or difficulty of transition may be noted and corrective action taken, where it is needed.
Secondary/Postsecondary Educational Coordination

There is much being accomplished in the high schools, colleges and universities of Oregon by way of articulation and coordination of Secondary/Postsecondary education in Oregon. More remains to be accomplished however, as suggested earlier in this statement.

Current efforts at articulation and coordination include:

High School/College Relations Council. The Council was established in 1966 as an outgrowth of the Oregon State System of Higher Education High School-College Relations Committee which had been active since 1934. It has operated as an independent agency with the State System's Director of the Office of High School Relations serving as its executive secretary. The membership of the Council, now 60 persons, includes representatives from all public and independent 2-year and 4-year colleges and universities in the state and representatives from key educational organizations including State Department of Higher Education, State Department of Education, the Oregon Association of School Executives, Oregon Association of Secondary School Administrators, Oregon Personnel and Guidance Association, Oregon School Activities Association, the Oregon State Scholarship Commission, the Oregon School Boards Association, Oregon Association of School Counselors, and the Oregon Association of Student Financial Aid Administrators.

The Council meets in the fall and spring each year to consider concerns and interests of the membership regarding the articulation of high school graduates with post-secondary collegiate-level opportunities. Through committee deliberations and Council action, guidelines and standards have been developed in such areas as college and university contacts with high school students, articulation of alternative educational practices, admissions testing, and innovative grading practices.

Post-High School Plans Survey. Since the late 1950's the State System Office of High School Relations has, in the fall of each year, conducted a post-high school plans survey of Oregon high school seniors, followed a year later with a sampling study of what those students actually did after graduation. In recent years the surveys have been conducted in collaboration with the Educational Coordinating Commission. Effective spring term 1978 the survey is being conducted of students at the completion of their junior year. In addition to the value of the surveys for study purposes, the activity provides opportunities for students to receive general information about postsecondary educational opportunities in Oregon and to request specific information about any of the public or independent colleges and universities of the state.

High School Vocational Education Survey. Annually, the Oregon Department of Education (Career and Vocational Education Section,) in cooperation with the Oregon Educational Coordinating Commission and the public school districts in Oregon, conducts a High School Vocational Education Survey to secure information useful to public schools in their planning.

The goal of this follow-up study "is to gather data about activities and perceptions of Oregon students after leaving their formal high school training." The study focuses on the responses and impressions of former vocational (career cluster) students, with appropriate comparisons made with responses of general/college preparatory students.

Oregon Career Information System. Since 1960 in concept, and 1971 in practice, CIS has pioneered in the delivery of information about occupational opportunities (by regions of the state,) job descriptions (including necessary education or training for those jobs) and information about all schools and colleges (public, independent and proprietary) in Oregon. CIS is a consortium with representation from the
Oregon Board of Education, the Oregon Employment Division, the Oregon State System of Higher Education, intermediate education districts, local school districts and other users. Approximately 325 junior and senior high schools, the 13 community colleges and many others use CIS.

Information in the CIS files is accessed by computer terminals and manual needle-sort kits placed in schools and colleges. The information is updated continually so that users receive current data at all times. The more than 150 data items in the education files (such as costs of college attendance, student financial aid, academic offerings by specific fields, housing options, credit-by-examination opportunities) can be compared for any three institutions simultaneously.

Information to high school and other students concerning postsecondary educational opportunities. Established, well-organized, systematic efforts are made in Oregon to provide information to high school and other students concerning post-high school educational opportunities and ways in which to make the most of these opportunities. The following are illustrative.

- **High school visitation program.** Annual visitations are made to Oregon high schools by teams of representatives of the State System Board's Office and the State System institutions to inform high school students of the post-high school educational opportunities open to them in the State System institutions.

- **Informing high school students of the postsecondary educational opportunities available to them in State System colleges and universities and in Oregon's community colleges.** Each year, the State System publishes and distributes to high school counselors, and to high school seniors and their parents, a publication entitled *It's Your Decision* which provides information concerning instructional programs available in State System institutions and in each of the 13 community colleges, together with information concerning admissions policies, tuition and fee charges, and the like. A total of 32,000 copies are published and distributed each year.

- **Informing high school students about financial aid available in college.** The State System Office of High School Relations, in cooperation with the State Scholarship Commission, annually mails to all high school seniors who complete the Post-High School Plans survey form a copy of the publication *Meeting College Costs*, published by the College Board, with an overlay of information concerning the costs of college and university attendance in Oregon, types of financial assistance available to students, and methods for determining eligibility for student financial aid. Approximately 26,000 copies are mailed to Oregon high school seniors each year.

- **Work with high school counselors.** Annual counselor workshops are held by the State System's Office of High School Relations in cooperation with the Oregon State Scholarship Commission to help counselors keep abreast of information relating to post-high school opportunities and means of financing them. Counselors are provided with copies of (1) *The College Counselor's Guide*, an annual publication containing information pertinent to counseling for college in Oregon, (2) *It's Your Decision* (described above) and (3) *Transfer Programs* (a publication prepared annually by the State System Board's Office setting forth the community college courses students should take in order to be able subsequently to transfer to State System institutions and complete baccalaureate requirements in any of more than 50 subject matter fields without loss of time.) In addition, counselor's receive six editions yearly of the newsletter, *Counseling for College*, published by the State System Office of High School Relations, which highlights activities, changes in instructional programs in State System institutions, other items of interest, including important dates relating to school-college articulation.

The two-year and four-year public and independent institutions in Oregon and Washington have, since 1947, participated in the publication of *Mapping Your Education*, a book edited, published, and distributed annually to the high schools in the two states.
Cost of the publication is borne by the institutions included in the book and the secondary schools which purchase copies in order to provide counselors, students and parents with current accurate information in an orderly, comparative fashion.

Most recent of the State System's Office of High School Relations efforts to assist counselors to provide students with information they need in preparing for academic success in college, is the publication of Preparing for College (1977.) Sixty thousand copies were distributed to secondary schools with the financial assistance of the Oregon Department of Education, to be used with younger students (8th, 9th, 10th graders.) The booklet offers suggestions to assist students (1) in preparing, while in high school, adequately to meet basic academic skill expectations at the freshman college level, (2) in increasing their options, once in college, by broadening their preparation in specific areas of academic interest, (3) in planning early to make appropriate choices among postsecondary options, and (4) in preparing to meet financial obligations involved in attending college.

Special information program for college-capable minority. The State System Office of High School Relations maintains a special program (federally funded) designed to identify college-capable prospects among minority and disadvantaged groups, and to assist them in gaining admission to postsecondary institutions, and in securing the financial and other assistance necessary.

Policies facilitating transition from high school to college. The State System Office of High School Relations, in cooperation with State System institutional representatives, seeks to assure maintenance of policies that ease the transition of high school students into college and university programs.
SUPPLEMENT B

Selected Questions
Concerning Admissions Policies in the State System

Presented in this section of the report is a brief discussion of several basic, recurring questions that the Board of Higher Education has considered in establishing admissions requirements for its colleges and universities over the past several years, and which are relevant to this present discussion.

1. Should the State System institutions lower or drop their present mildly selective admissions requirements and substitute therefor, as the sole admissions requirement for resident students, possession of a high school diploma from a standard or accredited high school or its equivalent?

It is the Board's Office view, concurred in by the institutions, that it would be unwise for any of the State System institutions to return to a pre-1958 "open-door" admissions policy.

A return of the State System institutions to an "open-door" policy now would be seen by many in Oregon as not so much a concession to the interests and well-being of prospective students, as a self-serving effort to shore up State System enrollments at the expense of Oregon community colleges, which are Oregon's open-door post-secondary institutions.

While maintaining modestly selective admissions policies, the State Board of Higher Education nonetheless continues to offer access to its institutions through a variety of avenues designed to offer prospective students maximum opportunity to demonstrate their capacity to achieve at the college level. These avenues include:

- Performance, as evidenced by the high school GPA achieved.

- Performance in courses taken at another collegiate institution, or during the summer term in a State System institution (during which term there are no admissions requirements).

(PSU, SOSC, OCE, EOSC, OIT will admit on the basis of a minimum GPA of 2.0 earned in 12 credit hours of college-level work taken in an accredited collegiate institution, or 9 credit hours of a prescribed program in a regular collegiate summer school; UO and OSU, on the basis of a GPA of 2.00 in 12 term hours of prescribed course work taken during the summer term at UO or OSU, respectively, or a minimum grade point average of 2.00 in 15 credit hours of college-level course work in an accredited collegiate institution.)

- Performance on a scholastic aptitude test (SAT or ACT), or on the General Education Development (GED) test.

- Admission under the 3% policy, which allows the admission of a