MINUTES APPROVED

CHANCELLOR'S REPORT
- Payment to Education Commission of the States
- Request for Discretionary Hearing by R. Stinnett, ECCC
- T. Parsons, Appointment as Vice President for Administration
- Response to Budget Analysis by ECC
- Consultation Prior to Declaration of Financial Exigency
- Tuition Policies
- Preliminary 1983-1985 Biennial Budget

PRESIDENT'S REPORT
- Appointment of Nominating Committee
- Appreciation to OIT
- Death of E. M. Pallett

Purchase of Johnson Property, OSU
Purchase of Hettick Property, EOSC
Housing Improvements (University Inn Elevator Modifications), UO
Schematic Design Phase of Planning for Hospital and Clinic Rehabilitation and Alterations Projects (Computed Tomographic Scanner Replacement and Cardiac Catheterization Laboratory Installation), OHSU
Change in Health and Physical Education Degree Requirements, PSU
Siskiyou Hall Remodel, SOSC
Temporary Rule Change To Amend QAR 580-22-030 for 1982-83
Refund of State Restoration Fund Assessment
Proposed Revision of IMD's Related to Endowment Funds
Proposed Revision of IMD's Related to Financial Management of Auxiliary Enterprise Facilities
Federal Grant Application for Financing Facilities for Proposed Institute for Advanced Biomedical Research, OHSU
Minutes of Regular Meeting of the State Board of Higher Education  
May 28, 1982  
Page 2

<table>
<thead>
<tr>
<th>Items</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tribute in Memory of Richard Zita</td>
<td>248</td>
</tr>
<tr>
<td>ITEMS FROM BOARD MEMBERS</td>
<td></td>
</tr>
<tr>
<td>Budget Comment</td>
<td>248</td>
</tr>
<tr>
<td>COMMUNICATIONS</td>
<td>248</td>
</tr>
<tr>
<td>Report of Bids and Contract Award for Housing Improvements (Amazon Housing Storm Sewer), UO</td>
<td>249</td>
</tr>
<tr>
<td>Report of Inspection and Acceptance of Autzen Stadium Improvements (Stadium Club), UO</td>
<td>249</td>
</tr>
<tr>
<td>Report of Bids and Contract Award for Energy Conservation and Hospital and Clinic Rehabilitation and Alterations Projects (Incinerator with Heat Recovery), OHSU</td>
<td>251</td>
</tr>
<tr>
<td>Report of Bids and Contract Award for Hospital and Clinic Rehabilitation and Alterations Projects (University Hospital South Fourth Floor Surgical Pathology Alterations), OHSU</td>
<td>252</td>
</tr>
<tr>
<td>Report of Appointment of Architects for Clinical Rehabilitation and Alterations Projects (Computed Tomographic Scanner Replacement and Cardiac Catheterization Laboratory Installation), OHSU</td>
<td>253</td>
</tr>
<tr>
<td>Report of Acceptance of Design Development Phase of Planning for Physical Education Building Remodel (Swimming Pool), OIT</td>
<td>254</td>
</tr>
<tr>
<td>Accreditation Report for 1981</td>
<td>255</td>
</tr>
<tr>
<td>Staff Reports</td>
<td>255</td>
</tr>
<tr>
<td>ADJOURNMENT</td>
<td>255</td>
</tr>
</tbody>
</table>
A regular meeting of the State Board of Higher Education was held in the Mt. Shasta Complex, College Union, Oregon Institute of Technology, Klamath Falls, Oregon.

The meeting was called to order at 8:30 A.M., May 28, 1982, by the President of the Board, Mr. Edward C. Hanns, Jr., and on roll call the following answered present:

Mr. Alvin R. Batiste
Mrs. Jane H. Carpenter
Mrs. Harriett J. Flanagan
Mr. Robert C. Ingalls
Mr. David M. Lomnicki

Mr. Louis B. Perry
Mr. Marion T. Weatherford
Mr. Loren L. Wyss
Mr. Edward C. Hanns, Jr.

Absent: Mr. Anderson and Mr. Petersen were absent for business reasons.

OTHERS PRESENT

Centralized Activities--Chancellor R. E. Lieuallen; Secretary Wilma L. Foster; J. T. Hunderup, Vice Chancellor for Facilities Planning; Mrs. Clarethel Kahanamui, Acting Vice Chancellor for Academic Affairs; E. Rex Krueger, Vice Chancellor for Educational Systems; W. T. Lemman, Jr., Vice Chancellor for Administration; Ms. Melinda W. Grier, Compliance Officer; Jerry Lidz, Assistant Attorney General; Ross Hall, Controller; Tom Berkey, Assistant Budget Director; Davis Quenzer, Assistant Budget Director; J. Richard Pizzo, Director, High School Relations; Virginia Avery, Acting Director, Public Services and Publications; Francetta Carroll, Assistant Board Secretary.

Oregon State University--President Robert MacVicar; T. D. Parsons, Vice President for Administration; Judith Kuipers, Dean of Undergraduate Studies.

University of Oregon--President Paul Olum; Ray Hawk, Vice President for Administration and Finance; James Buch, Director of Admissions.

Oregon Health Sciences University--President Leonard Laster; J. T. McGill, Vice President for Finance and Administration.

Portland State University--President Joseph C. Blumel; James E. Todd, Vice President, Finance and Administration; Orcilia Forbes, Vice President for Student Affairs.

Eastern Oregon State College--President Rodney A. Briggs; David E. Gilbert, Dean of Academic Affairs; James C. Lundy, Director of Business Affairs.

Oregon Institute of Technology--President Kenneth F. Light; W. M. Douglass, Dean of Administration; John Smith, Assistant to the President; Al E. Roberson, Director of Admissions; Mike Hartman, Assistant Director of Admissions; Timothy Stanaway, Dean of Students.

Southern Oregon State College--President Natale A. Sicuro; Donald Lewis, Dean of Administration; Ernest Ettlich, Dean of Academic Affairs.

Western Oregon State College--President Gerald Leinwand; James H. Beaird, Provost; Glen I. Williams, Dean of Administration.

Others--George Mitton, Assistant Director, Oregon Educational Coordinating Commission; Edith Maddron, Vice Chairman, Oregon Educational Coordinating Commission; Elizabeth Johnson, Commissioner, Oregon Educational Coordinating Commission; William Maddron, Eugene; Bob Watrus, Oregon Student Lobby.
MINUTES APPROVED

Two corrections were indicated with respect to votes recorded in the April minutes. One correction was subsequently resolved as being recorded correctly and the other has been incorporated in the permanent minutes.

The Board dispensed with the reading of the minutes of the last regular meeting held on April 23, 1982, and approved them as corrected. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.

CHANCELLOR'S REPORT

Payment to Education Commission of the States

Request for Discretionary Hearing by R. Stinnett, EOSC

The Chancellor stated that the Board had previously approved his recommendation not to pay the annual dues to the Education Commission of the States because of the budget cuts. However, Oregon would be one of only two states listed as totally delinquent when the Education Commission of the States holds its annual meeting in Portland in August of this year. For that reason, he reported that it was intended now to make a payment of $7,500, approximately one-fourth of the annual dues, so that Oregon would not be totally delinquent.

The Chancellor said that a request had been submitted by Professor Ray Stinnett of Eastern Oregon State College for a discretionary hearing pursuant to OAR 580-21-390. He requested Mr. Jerry Lidz, Assistant Attorney General, to comment and submit a recommendation.

Mr. Lidz indicated that there were two issues in the request for review. The first concerned a letter of reprimand issued to Professor Stinnett for a shoving incident involving Dean Young. The second involved failure to receive a raise for fully satisfactory service. With respect to the first issue in the matter of the letter of reprimand, no action was recommended by the Board or the Chancellor's Office other than to decline to review the issue. The letter was the mildest form of sanction available under the Administrative Rules, and both due process and OAR 580-21-320 were satisfied by the opportunity to reply and explain. Professor Stinnett has exercised that right by placing a letter in the file.

The second is a non-disciplinary action and is reviewable under OAR 580-21-390. The procedure is that the Board assign to the Chancellor or his designee this matter for investigation and examination while reserving its discretion to take further action, or not take further action, based upon the Chancellor's recommendation. The investigation would be limited to requirements and could be done quite quickly. It is anticipated that the report could be presented to the Board in June. The recommendation was that the Board refer the matter to the Chancellor for investigation while reserving its right to take action later if that seems appropriate.

The Chancellor recommended that the Board act in accordance with the recommendations and decline to review the matter with respect to the letter of reprimand and that the non-disciplinary grievance regarding the pay increase be referred to the Chancellor for investigation and subsequent report to the Board.

The Board approved the recommendations as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.

T. Parsons, Appointment as Vice President for Administration, OSU

The Chancellor recommended that the Board approve the appointment of Dr. Theron Parsons as Vice President for Administration, effective immediately, 12-months' service, at an annual salary rate of $58,000, with tenure in the Department of Chemistry.

The Board approved the appointment as recommended, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.
The Chancellor indicated that the staff had prepared for the Board, as requested, a response to the Educational Coordinating Commission's budget analysis submitted to the Emergency Board. The Chancellor and Vice Chancellors Kahananui and Lemman presented the response. A copy of the response is on file in the Board's Office and is considered an integral part of the minutes.

The Chancellor's remarks were addressed primarily to the larger issues which emerged in the executive summary and the introduction. These issues were: (1) the negative tone and content of the analyses; (2) urging the Board to do what it is already doing; (3) making judgments rather than objective analyses; (4) alleging that the Board is dealing only with short-term issues; (5) deciding whether the legislative budget notes were followed by the Board; and (6) the role of the Commission.

Vice Chancellor Kahananui addressed Chapters I, II, and VII dealing respectively with program reductions, remedial writing and mathematics, and admissions, retention, and grading.

Vice Chancellor Lemman commented with respect to Chapters III, IV, V, and VI, which covered intercollegiate athletics, faculty salaries and compensation, enrollments/staff, and tuition.

Mrs. Kahananui indicated that representatives from the institutions had been requested to comment with respect to admissions and retention of students because they were more closely involved with these matters than staff in the central office.

Dr. Orcilia Forbes, Vice President for Student Affairs at Portland State University, explained the previous and present position at Portland State University with respect to admissions. She indicated that Portland State University had taken the position in the past that an increase in the grade-point average from 2.25 was not in the best interests of the population served by the institution for two reasons: (1) increases in gpa decrease disproportionately the accessibility to higher education for minorities and other disadvantaged students; and (2) students entering with a 2.25-2.50 gpa persist in the university about as well as students entering with a 3.0 gpa. However, in an action intended to curtail enrollments, the admission criteria for freshmen was increased from 2.25 to 2.50 effective fall 1982. At the same time, the special admissions quota was increased from 3% to 5%, but this was not adequate to accommodate all affected students which amount to about 10% of the freshman class.

Dr. Forbes said she had three critical concerns about the direction implied in the new admissions criteria. There should be resistance to any further efforts to increase admissions criteria until it has been assured that the higher education needs of Oregon's citizens are being served adequately. The concerns were: (1) that individuals who come from impoverished or culturally and racially isolated backgrounds continue to face the greatest barriers to higher education at a time when many of the young people of the state will be coming from these backgrounds; (2) that Oregon has the fifth highest dropout rate among high school students in the country; and (3) that already 11% of the students in community college academic transfer programs actually transfer to a four-year institution.

Dr. Forbes said it was distressing that the Legislature and the Educational Coordinating Commission called for restricting enrollments in view of the fact that many young people are lost to education even before they graduate from high school. It is also unacceptable to expect that a community college can serve the needs of the majority of lower-division students in view of the limited number of students who transfer and complete their studies at a four-year institution. She then cited statistics for Portland State students who have a non-traditional background. She challenged the statements in the Commission report concerning scholastic standards and retention and described the procedures followed at Portland State University to assist students.
Dr. Forbes urged the Board to preserve the prerogative of the institutions to offer support services in the manner that best meets the needs of the students.

Mr. Perry asked whether students who entered at a lower-than-average level progressed more rapidly once they had achieved the necessary skills and then graduated at the same level as students who did not have these advantages. Dr. Forbes said the students placed in the educational opportunity program have a retention and graduation rate that approximates those for the rest of the students in the institution. Students who cannot be accommodated in this program are at higher risk.

Mr. Wyss asked whether there were mechanisms other than admissions requirements which might be used to preserve the desirable social mobility during a period of limited enrollments. Dr. Forbes said the Upward Bound program works with a limited number of students from the Portland public schools so that they can ultimately be admitted in the regular way and brought into special programs. The special admissions have been used for the older population in combination with a review of other factors such as experience and responsibilities.

In response to a question about improving the rate of transfer from community colleges to four-year institutions, Dr. Forbes indicated that these efforts were being pursued aggressively. In reverse, some of the disadvantaged students are being encouraged to begin their training at a community college, both for academic and financial reasons.

Dr. Judith Kuipers, Dean of Undergraduate Studies at Oregon State University, emphasized that it was necessary to look at students as total human beings with varying kinds of skills and varying levels of development in their physical, social, emotional, and intellectual development. At Oregon State University, students must meet the entrance requirements. In addition, freshmen take tests in mathematics and communications skills. Efforts are then made to fill any gaps in their training. She described the procedures used to advise and retain students and the recent efforts to improve admission and retention practices.

Dr. Kuipers said that it should be recognized in a democratic society that education is related to quantity as well as quality. She said she feared that in this focus on the budget, the institutions might become so exclusive that they would lose the important role that universities play in providing a quantity of people who have respect and knowledge of democratic ideals.

Dr. Kuipers stated that there was a difference between remedial and developmental courses. Remedial courses are ones which deal with material a student has had but has not mastered to an adequate level. A developmental course is one which covers material to which the student has not been exposed previously.

Mr. Wyss said admission and retention appeared to be much more complicated than grades and standards. He expressed concern that the decisions were subjective rather than relying on certain objective standards. Dr. Kuipers responded that the testing was essential to assess the students' levels in order to advise them better and provide appropriate courses to meet their levels of competency. Excellence is the goal, but it cannot be accomplished just with the grade point.

Mr. James Buch, Director of Admissions at the University of Oregon, said his comments would relate to two sections of the Educational Coordinating Commission's report, those dealing with University retention requirements and grade distributions referred to in the report. He indicated that the admissions requirements have been set by the Board over the years. He said that if mechanisms could be identified for measuring motivation, for controlling the amount of money that students have, and for preventing them from changing career goals, it would be possible to have a better success rate in terms of their graduating four years after they began their college work. He commented that motivation particularly cannot be measured.
Mr. Buch said the Educational Coordinating Commission contended that a student could graduate from the University of Oregon with a 1.28 gpa. This statement overlooked the fact that the grade-point average is not used to determine graduation or retention, but rather a percentage system that compares the number of courses or grades a student attempts with those completed successfully by the student. He described the system and its operation and indicated that of the 1,006 students who graduated in the spring of 1981, only nine would have had a gpa below 2.0 using the traditional gpa's. Of those nine, seven were between 1.95 and 2.00, and the other two were just slightly lower. The university faculty is reviewing the grading standards and graduation requirements and will be returning to a grade-point average system with an increase in the number of credit hours required for graduation. He pointed out that a faculty committee reviews carefully the records of students who are approaching the academic warning signal. In many instances, students would be encouraged to leave and perhaps find a situation in which they would be more comfortable. This leads one to question the allocation of low retention standards which was made in the Educational Coordinating Commission's report.

Mr. Ingalls asked whether a student failing a course the first time and retaking it to obtain a satisfactory grade should be required to pay for it a second time. Mr. Buch said he did not believe a student should pay for the second time but should perhaps for subsequent attempts.

Mr. Harms recognized Mrs. Edith Maddron, Vice Chairman of the Educational Coordinating Commission, for the purpose of making a presentation.

Mrs. Maddron said it was obvious there were many points of difference between the Commission and the Board. She emphasized that the report was a Commission report but not every commissioner agreed with every part or would have written it in the exact manner in which it appears. If there are errors in fact or errors in interpretation, they must be addressed immediately and seriously. However, the issues raised in the report and the matters discussed all have been raised and discussed by the Commission for a long period of time.

She said the Commission was required by statute to develop and propose state-wide educational policy and program objectives, assess budget priorities and consider for state-wide planning the range and kinds of educational programs appropriate to each segment. It was directed to review not only proposed new programs but also existing programs for consistency with state-wide policy and program objectives. The Commission has compiled a statement of goals and objectives for education in Oregon against which such assessments can be made. She detailed other directives of the Commission as set forth in the statute in connection with the total educational program of the state.

Mrs. Maddron said that the Commission had not said that higher education should have less money, but it had stated that if the existing levels of quality and access were to be sustained or improved, it would be necessary either to increase higher education's share of the General Fund or seek additional revenues in order to maintain adequate support for Oregon's System of Higher Education. However, if those options were not possible, priority decisions would have to be made. She said it was her view that those decisions must be clearly stated, not just in terms of students to be denied access and faculty to be lost, but in clear priority listing, beginning with a statement of the components of higher education and what constitutes the irreducible minimum.

Mrs. Maddron said she feared there would be a loss, not only in Oregon but throughout the country, of the liberal arts basis on which any civilization that is regarded with any degree of approbation must survive. The case must be made for what higher education is from liberal arts through professional schools and priorities detailed in the context of those components.
She concluded with a plea that the Commission and the Board get together so that they could face the 1983 Legislature with the maximum possible degree of unity. She said there is a frightened and angry public. Many people are angry with anything governmental and many are highly critical of the schools. Two state agencies charged with responsibility for education and unable to arrive at a resolution of their differences provide the perfect excuse to salve someone's conscience for cutting budgets. Prosperity may be coming, but the 1983 Legislative Session will be rough indeed.

Mrs. Maddron said that she personally wanted to be able to go to that session and say that higher education is dealing with these issues, it has done a system-wide review and restructuring, and higher education must have every penny the Legislature can muster.

Mr. Harms said he would propose that the report be accepted, that the Board have an opportunity to assess the staff report and the Educational Coordinating Commission's report in light of the staff report, and that the Board discuss the significant issues raised after more thorough study and reflection of the two documents.

The Board approved a motion to that effect, with the suggestion that distribution be made to appropriate persons interested in higher education. There was discussion of the desirability of distributing the report prior to Board consideration. Mr. Wyss suggested that there might be positions midway between the two statements which the Board might wish to support. It was pointed out that it would be useful for those who had received the Commission's report to receive the response in order to correct inaccuracies in the Commission's report.

The Board approved the motion as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, and Harms. Those voting no: Director Wyss.

The Chancellor indicated that the Board had heard his presentation several months ago on behalf of the presidents to fulfill the requirements of the Administrative Rules prior to a declaration of financial exigency. That prior consultation might not be considered to be binding and effective in the light of the new set of circumstances with the additional revenue shortfall.

The Chancellor said he had discussed with the presidents the potential impact of the additional shortfall and as a consequence of that discussion he was recommending that the Board consider his presentation on their behalf to be adequate compliance with the requirements of the Administrative Rules. This action would permit the institutions, if the circumstances become sufficiently difficult, to make that declaration of financial exigency so that people may be terminated on short notice to keep the budgets in balance.

Mr. Harms asked the presidents if they believed that sufficient financial consultation had in fact taken place. There being no negative responses, Mr. Harms directed that the record show that the presidents did concur that adequate consultation had taken place.

The Board then reaffirmed that it had consulted with the presidents of the institutions to fulfill the requirements in the event it becomes necessary to declare financial exigency.

On May 14, 1982, the Committee on Finance, Administration, and Physical Plant requested the staff to prepare an analysis of alternative tuition policies including (1) uniform rates based upon the cost of instruction; (2) a university/regional college tuition differential; and (3) an upper division/lower division tuition differential.

Staff Report to the Board

225
University Instruction Fee Rates Based Upon Cost of Instruction

Prior to the 1981-1983 Biennium, the Board established fees under policy guidelines intended to relate charges primarily to average costs of instruction. The objectives were established at 23% of cost for resident and 100% of cost for nonresident undergraduates, and 27% of cost for resident and 50% of cost for nonresident graduate students. The average cost of instruction used for this purpose is the composite costs of the three universities and the three colleges. The Legislature and Executive Department had participated in the funding decisions that led to these percentages. Even then the objective was not fully achievable, since financial constraints tended to raise percentage factors.

The current financial crisis began during 1980-81. In the development of the 1981-1983 biennial budget, it became apparent that the percentage objectives would be inoperative. Tuition revenue requirements were raised to maintain program and replace State General Fund moneys at each stage of budgetary review. In its latest stage, rates were increased through a surcharge to resident students. For 1982-83, the currently authorized budget plan and proposed instruction fee rates will have pushed student shares of instruction costs to 31% for resident and 103.8% for nonresident undergraduates and to 34.8% for residents and 59.3% for nonresident graduate students.

Some of the differential features of the original cost of instruction policy have been retained, despite the fact of higher percentages. An instruction fee differential between colleges and universities intended to offset necessarily higher incidental fee charges at the colleges so that total tuition is more nearly equal among institutions has remained. A nonresident undergraduate differential of $423 between colleges and universities is intended to produce a mix of nonresident students on college campuses. Reduced rates at Eastern Oregon State College, including assessment of undergraduate nonresidents at resident rates, continues the enrollment management effort designed to maintain a more cost efficient size for the institution.

Table 1 presents rates and the fiscal effect of applying cost of instruction objectives to estimated expenditures levels in 1983-1985. If the lower instruction fees resulting from applying the policy were not to increase enrollments, the revenue decline using presently-projected enrollments would be $21.9 million. Any movement toward those objectives must result in either a substitution of State General Fund or program reduction.

The policy to establish tuition as a percent of instruction costs is used by a number of institutions in the West. The definition of instruction costs, however, varies significantly. As a result, interstate cost data lack the comparability to be used to establish a norm.

Despite the lack of interstate comparisons and the fact of changes from the objective, fixing tuition as a cost of instruction has advantages. Perhaps its greatest strength is the objectivity it introduces to the resource and expenditure review by the Board, Executive Department, and Legislature. Barring fiscal emergencies, it can produce a stable projection tool which contributes to student and administrative planning capabilities. Further, it introduces a sense of equity regarding costs and benefits to be shared by the student and society. It may be possible for the Board to adopt policy positions regarding cost percentages and retain the cost principle even though actual percentages depart from the objective in any given fiscal period.

College/University Instruction Fee Differential

In 1934-35, the resident tuition and laboratory fee at the University of Oregon and Oregon State University (College) was $18 per term. At the normal schools (regional colleges), the resident tuition and laboratory fee was $5 per term. This was a college/university differential of one-to-three. During much of the history of the Department, the policy on tuition has been to have a form of college/university differential. The total tuition
(instruction and other mandatory fees) charged prior to 1970-71 was equal for the colleges and universities. However, to recognize the need for higher incidental fees per student at the colleges, the instruction fee portion of the total charges was $3 less at the colleges ($98 to $95 per term) beginning in 1970-71.

At its June 24, 1975, meeting, the Board considered the adoption of a substantial college/university instruction fee differential. The Board postponed its consideration until 1976 at which time it decided against implementing a substantial college/university differential.

College/university tuition differentials are recognized in many states. Materials in the WICHE publication Tuition and Fees in Public Higher Education in the West reflect 1981-82 college/university differentials for all western states except Arizona, Nevada, and Oregon. College undergraduate rates approximated 85% of university rates in Montana, 78% in New Mexico, 82% in Washington, 79% in Idaho, and 75% in Colorado. California state college undergraduate tuition averaged $280 while university tuition averaged $960, resulting in college rates at 29% of university rates. The magnitude of differential and the number of institutions in California tended to distort the average for institutions in the western states. The other western states which had differentials averaged nearer an 80% factor for college to university differentials. This factor, when applied to Oregon rates, results in instruction fee relationships shown in Table 2.

Differentials similar to undergraduate rates appear for graduate students, but the western state pattern is not at all predictable. Arizona had no college/university differential and no undergraduate/graduate differential. Montana and New Mexico had college/university differentials but no undergraduate/graduate differential. Idaho applied an undergraduate college/university differential but had no graduate college/university differential.

Technical institutes comparable to Oregon Institute of Technology are scarce in the western states. New Mexico's Institute of Mining and Technology and the Montana College of Mineral Science and Technology set rates lower than their universities but higher than most colleges. The Colorado School of Mines charged rates significantly higher than universities.

Use of a differential for Oregon colleges and universities can be justified on the basis of comparability with other states. It is not readily justified by cost relationships (tuition as a percent of cost) or by quality arguments. The similar fee structures of Oregon colleges and universities are, in fact, the result of the long-held position that quality, for a given level of instruction, is similar at all institutions.

One distinction that has been recognized by the Board derives principally from the economies of scale inherent in incidental fee supported programs. College enrollments cannot support student center, educational activity, and athletic activity programs and their associated fixed costs without assessing incidental fees higher than those of universities. To equalize the total tuition charge to students, the instruction fee is currently $42 per year lower at colleges than for universities. This difference has been based on the assumption that college incidental fees are higher by approximately that amount.

A second distinction between colleges and universities is established by current policies for nonresident undergraduates. The differential, currently $423 per year, grew from the assumption that the educational setting was enhanced by a cosmopolitan mix of students from other states and foreign countries and that tuition rates at universities would be prohibitive for colleges to attract nonresidents.
Instruction fee rates at Oregon Institute of Technology have been set at university rates for undergraduate students. The comparatively high cost of technical instruction is the principal argument in support of this policy. In 1982-83, resident students at OIT will pay about 22% of the cost of technical instruction, while college/university residents average 31% of the cost of undergraduate instruction.

A college differential which would reduce college student tuition obviously must increase university tuition if the net revenue position of the Board is undiminished. The numbers of students in the respective institutions make it possible to create dramatic changes for colleges with relatively minor effect on universities. Resident undergraduates, for example, attend universities in nearly five times the number who attend colleges; hence a five-to-one relationship would exist for tuition shifts. If one of the Board's objectives is to make rates more competitive with community colleges, this kind of tuition shift could make colleges more competitive at the expense of a less competitive university fee structure.

The competitive aspect of rate structures serves to introduce another factor, that of marketability. Charging what the market will bear is a concept not highly regarded in education. On the other hand, the opportunity for enrollment management through tuition incentives that will assist in the development of more efficient programs and institutions cannot be overlooked. The Board has in practice applied the concept in establishing current tuition rates at Eastern Oregon State College.

Upper Division/Lower Division Instruction Fee Differential

This policy may take the form of either (1) tuition based upon course level, or (2) tuition based upon student level.

1. Tuition based upon course level. Tuition related to course level is conceptually efficient because it recognizes the higher cost of delivering upper division course work, i.e., smaller classes, complex laboratories, increased student/faculty contact, etc. This policy is not recommended, however, because of the increased administrative costs of (1) computing tuition for the large number of students who enroll in a mix of upper division and lower division courses, and (2) within term adjustments to tuition associated with dropping and adding courses.

2. Tuition based upon the level of student. On the average, lower division instruction costs less than upper division instruction. Because there is a cost differential between lower division and upper division costs of instruction, a tuition policy based upon this differential would recognize that the differential exists and that tuition should recognize the differences. A tuition differential by level establishes charges in such a way that lower division students, on the average, do not subsidize the instructional costs of upper division students. Comparatively low tuition for the first two years of higher education should decrease the number of students who are barred from access to public institutions because of inadequate financial resources.

A second argument in favor of an upper division differential is the expectation that an upper division student has a more certain perspective regarding completion of college; has expectations of higher lifetime earnings; and, therefore, is less reluctant to apply for student loans which may be necessary to cover the higher upper division tuition charges. A contrary argument, that upper division rate increases will discourage completion of a degree, is based on the higher costs coming at a time when students have begun to exhaust savings and can work less as study pressures mount.
A third argument, that lower division costs should more nearly equal those of the community colleges, emphasizes freedom of choice for the student. Tuition costs should not be the determining factor in the choice by a lower division student of whether to attend a community college or a four-year State System institution. Because of the differences in methods of funding community colleges and four-year degree-granting institutions, if lower division tuition were standardized, the tuition for the community colleges would need to rise or the tuition for the four-year degree-granting institutions would need to be reduced substantially. Whether costs should be more nearly equal is also debatable. Except for the lower division transfer component of community college programs, their mission deals with two-year terminal programs that are vocationally oriented.

The following table shows annual tuition rates for selected community colleges and compares these rates with State System institutions which are located in the same proximate areas.

<table>
<thead>
<tr>
<th>State System Institutions</th>
<th>Community Colleges</th>
<th>State System Exceeds Community Colleges by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Tuition</td>
<td>Name</td>
</tr>
<tr>
<td>WOSC</td>
<td>$1,234</td>
<td>Chemeketa</td>
</tr>
<tr>
<td>PSU</td>
<td>1,233</td>
<td>Portland</td>
</tr>
<tr>
<td>UO</td>
<td>1,239</td>
<td>Lane</td>
</tr>
<tr>
<td>OSU</td>
<td>1,224</td>
<td>Linn-Benton</td>
</tr>
</tbody>
</table>

To whatever extent the State System adopts a tuition differential by level, it would be expected that lower division tuition and the community college tuition would be more nearly comparable. Thus the goals of freedom of choice and maximum use of facilities tend to be achieved.

In establishing a tuition policy based upon the level of student, it is not practical to lower tuition abruptly for some and increase it for others. Such a policy would affect enrollment projections and the educational plans of students whose financial ability to remain in school is marginal. The phased establishment of a tuition differential by level seems essential. However, for the purposes of illustration, Table 3 reflects a conversion to differentials in 1982-83 that are continued in 1983-1985.

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

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

2. Fee assessment at registration may need to be changed from paying full fee at time of registration to a fee billing system several weeks after registration so that all student records could be properly updated with credit hours completed to assure proper student classification by level. This would be particularly pressing at winter and spring term registration.

3. Student aid administration would be affected for returning students because the "need analysis" would change for lower and upper division students because of the varying rates. For example, a winter term upper division student may qualify for aid, whereas as a fall term lower division student may not have qualified.
An administrative procedure would need to be developed which would allow for preregistration. In order to have preregistration, the level of the student would need to be determined before completion of the prior term's course work. This could mean that some students may be classified as upper division students in the preregistration program, when in fact they may still be lower division students due to course failures or incompletions. This would then result in the necessity of an audit system to provide for fee refunds.

Because the State System is on a three-term academic calendar, the time between terms may not be sufficient to update student records and prepare registration packets which accurately reflect the student's level based upon course completion. It would be necessary to prepare student packets during the previous term resulting in the same need for audit and refund procedures.

Oregon Institute of Technology would have particular difficulty in implementing a lower division/upper division differential. A higher upper division tuition rate would be inappropriate for technical students due to the inverted curriculum applicable to four-year programs. Students participate in technical coursework in the first two years of study and move to general studies in the latter two years to complete degree requirements. The curricular differences in a technical institute suggest that a separate and distinct fee policy would be advisable to distinguish the institute from colleges and universities.

### Table 1

Comparison of 1982-83 Instruction Fees With Those Resulting From Application of Board's Goal of Determining Instruction Fees as a Percent of the Cost of Instruction

<table>
<thead>
<tr>
<th></th>
<th>Budget Plan 1982-83</th>
<th>Board's Goal</th>
<th>Annual Fee If Goal in Use 1982-83</th>
<th>1983-84</th>
<th>1984-85</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Universities and OIT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Undergraduate</td>
<td>$1,119</td>
<td>23%</td>
<td>$831</td>
<td>$939</td>
<td>$1,005</td>
</tr>
<tr>
<td>Nonresident Undergraduate</td>
<td>3,744</td>
<td>100%</td>
<td>3,609</td>
<td>4,080</td>
<td>4,365</td>
</tr>
<tr>
<td>Resident Graduate</td>
<td>1,782</td>
<td>27%</td>
<td>1,380</td>
<td>1,560</td>
<td>1,668</td>
</tr>
<tr>
<td>Nonresident Graduate</td>
<td>3,030</td>
<td>50%</td>
<td>2,556</td>
<td>2,889</td>
<td>3,093</td>
</tr>
<tr>
<td><strong>Colleges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Undergraduate</td>
<td>$1,077</td>
<td></td>
<td>$789</td>
<td>$897</td>
<td>$963</td>
</tr>
<tr>
<td>Nonresident Undergraduate</td>
<td>3,321</td>
<td></td>
<td>3,186</td>
<td>3,657</td>
<td>3,942</td>
</tr>
<tr>
<td>Resident Graduate</td>
<td>1,740</td>
<td></td>
<td>1,338</td>
<td>1,518</td>
<td>1,626</td>
</tr>
<tr>
<td>Nonresident Graduate</td>
<td>2,988</td>
<td></td>
<td>2,514</td>
<td>2,847</td>
<td>3,051</td>
</tr>
<tr>
<td><strong>Eastern Oregon State College</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Undergraduate</td>
<td>$1,023</td>
<td></td>
<td>$735</td>
<td>$843</td>
<td>$909</td>
</tr>
<tr>
<td>Nonresident Undergraduate</td>
<td>1,023</td>
<td></td>
<td>735</td>
<td>843</td>
<td>909</td>
</tr>
<tr>
<td>Resident Graduate</td>
<td>1,740</td>
<td></td>
<td>1,338</td>
<td>1,518</td>
<td>1,626</td>
</tr>
<tr>
<td>Nonresident Graduate</td>
<td>2,988</td>
<td></td>
<td>2,514</td>
<td>2,847</td>
<td>3,051</td>
</tr>
<tr>
<td><strong>Cost of Implementing Goal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue Base</td>
<td>$72,203,025</td>
<td></td>
<td>$72,203,025</td>
<td>$72,203,025</td>
<td></td>
</tr>
<tr>
<td>Tuition Generated by Cost of Instruction Fee Policy</td>
<td>60,853,585</td>
<td>61,608,695</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shortfall Under Historic Cost of Instruction Fee Policy</td>
<td>$11,349,440</td>
<td>$10,594,330</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Cost of instruction for 1983-84 and 1984-85 is based on inflation, full-year funding of current pay plans, and salary increase assumptions that increase the costs by 13% for 1983-84 and 7% for 1984-85.
### Table 2

#### 20% College/University Differential Instruction Fee

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Universities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Undergraduate</td>
<td>$1,119</td>
<td>$1,151</td>
<td>$1,230</td>
<td></td>
</tr>
<tr>
<td>Nonresident Undergraduate</td>
<td>3,744</td>
<td>3,930</td>
<td>4,206</td>
<td></td>
</tr>
<tr>
<td>Resident Graduate</td>
<td>1,782</td>
<td>1,812</td>
<td>1,939</td>
<td></td>
</tr>
<tr>
<td>Nonresident Graduate</td>
<td>3,030</td>
<td>3,044</td>
<td>3,258</td>
<td></td>
</tr>
<tr>
<td><strong>Colleges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Undergraduate</td>
<td>$1,077</td>
<td>$920</td>
<td>$984</td>
<td></td>
</tr>
<tr>
<td>Nonresident Undergraduate</td>
<td>3,321</td>
<td>3,144</td>
<td>3,366</td>
<td></td>
</tr>
<tr>
<td>Resident Graduate</td>
<td>1,740</td>
<td>1,450</td>
<td>1,551</td>
<td></td>
</tr>
<tr>
<td>Nonresident Graduate</td>
<td>2,988</td>
<td>2,436</td>
<td>2,606</td>
<td></td>
</tr>
<tr>
<td><strong>Fiscal Impact</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue Base</td>
<td>$72,203,025</td>
<td>$72,203,025</td>
<td>$72,203,025</td>
<td></td>
</tr>
<tr>
<td>Tuition Generated by 20% Differential</td>
<td>70,658,894</td>
<td>69,109,607</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shortfall Under 20% Differential</td>
<td>$1,544,131</td>
<td>$3,093,418</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Rate differential of 20% between colleges and universities is based on conversion of 1982-83 rates to produce differential for 1983-84 plus 7% increase for 1984-85.

### Table 3

#### Instruction Fee Differentials by Student Level

<table>
<thead>
<tr>
<th>Student Classifications</th>
<th>Budget Plan 1982-83</th>
<th>Base Year 1982-83</th>
<th>1983-84</th>
<th>1984-85</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Lower Division</td>
<td>$1,119</td>
<td>$990</td>
<td>$1,119</td>
<td>$1,197</td>
</tr>
<tr>
<td>Resident Upper Division</td>
<td>1,119</td>
<td>1,238</td>
<td>1,398</td>
<td>1,496</td>
</tr>
<tr>
<td>Resident Graduate</td>
<td>1,782</td>
<td>1,782</td>
<td>2,013</td>
<td>2,154</td>
</tr>
<tr>
<td>Nonresident Lower Division</td>
<td>3,744</td>
<td>3,314</td>
<td>3,744</td>
<td>4,006</td>
</tr>
<tr>
<td>Nonresident Upper Division</td>
<td>3,744</td>
<td>4,142</td>
<td>4,680</td>
<td>5,008</td>
</tr>
<tr>
<td>Nonresident Graduate</td>
<td>3,030</td>
<td>3,030</td>
<td>3,424</td>
<td>3,663</td>
</tr>
<tr>
<td><strong>Fiscal Impact</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Revenue Base</td>
<td>$72,203,025</td>
<td>$72,203,025</td>
<td>$72,203,025</td>
<td></td>
</tr>
<tr>
<td>Tuition Generated by</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differential Rates</td>
<td></td>
<td></td>
<td>76,157,053</td>
<td>77,228,098</td>
</tr>
<tr>
<td>Tuition Available for</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations Inflation</td>
<td></td>
<td></td>
<td>$3,954,028</td>
<td>$5,025,073</td>
</tr>
</tbody>
</table>

**Notes:** Assumed growth in operating expenditures for inflation, full year funding of current biennium pay adjustments and 1983-1985 pay adjustments is 15% for 1983-84 and 7% for 1984-85.

Assumption of no differential between university and college rates.

Caution: Numbers contain undocumented assumptions about residency mix of lower division and upper division students. No data examined to determine term-to-term change in student level.
# UNDERGRADUATE TUITION AND FEES IN SELECTED WESTERN REGION PRIVATE FOUR YEAR COLLEGES AND UNIVERSITIES

1981-82 AND 1982-83

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RESIDENT</td>
<td>NONRESIDENT</td>
<td>RESIDENT</td>
</tr>
<tr>
<td><strong>OREGON</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reed</td>
<td>$6,400</td>
<td>$6,400</td>
<td>$7,160</td>
</tr>
<tr>
<td>Lewis &amp; Clark</td>
<td>5,653</td>
<td>5,653</td>
<td>6,434</td>
</tr>
<tr>
<td>Willamette</td>
<td>4,934</td>
<td>4,934</td>
<td>5,570</td>
</tr>
<tr>
<td>Pacific</td>
<td>4,900</td>
<td>4,900</td>
<td>5,505</td>
</tr>
<tr>
<td>Linfield</td>
<td>4,604</td>
<td>4,604</td>
<td>5,030</td>
</tr>
<tr>
<td>George Fox</td>
<td>4,320</td>
<td>4,320</td>
<td>4,920</td>
</tr>
<tr>
<td>University of Portland</td>
<td>4,557</td>
<td>4,557</td>
<td>3,915</td>
</tr>
<tr>
<td>Warner Pacific</td>
<td>3,487</td>
<td>3,487</td>
<td></td>
</tr>
<tr>
<td><strong>WASHINGTON</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Puget Sound</td>
<td>4,860</td>
<td>4,860</td>
<td>5,480</td>
</tr>
<tr>
<td>Seattle University</td>
<td>4,275</td>
<td>4,275</td>
<td>4,725</td>
</tr>
<tr>
<td>Pacific Lutheran University</td>
<td>3,504</td>
<td>3,504</td>
<td>3,960</td>
</tr>
<tr>
<td><strong>CALIFORNIA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stanford University</td>
<td>7,177</td>
<td>7,177</td>
<td>8,257</td>
</tr>
<tr>
<td>University of Southern California</td>
<td>6,250</td>
<td>6,250</td>
<td>7,734</td>
</tr>
<tr>
<td>University of Santa Clara</td>
<td>4,593</td>
<td>4,593</td>
<td>5,190</td>
</tr>
</tbody>
</table>

Sources: State Scholarship Commission
Telephone conversations with institution and State System staff in California and Washington, April 1982.

Tuition and fee rates include the instruction fee and all other fees required of students as a condition of current enrollment in an institution.

Pending final determination of "Other Fees" for 1982-83.
UNDERGRADUATE TUITION AND FEES IN SELECTED WESTERN REGION
PUBLIC FOUR YEAR COLLEGES AND UNIVERSITIES

1981-82 AND 1982-83

<table>
<thead>
<tr>
<th>PUBLIC 4-YEAR UNIVERSITIES</th>
<th>1981-82</th>
<th>1982-83</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RESIDENT</td>
<td>NONRESIDENT</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>$1,190</td>
<td>$3,768</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>1,175</td>
<td>3,753</td>
</tr>
<tr>
<td>University of Colorado, Boulder</td>
<td>1,111</td>
<td>4,130</td>
</tr>
<tr>
<td>University of California (ave.)</td>
<td>997</td>
<td>2,880</td>
</tr>
<tr>
<td>University of Washington</td>
<td>1,059</td>
<td>3,048</td>
</tr>
<tr>
<td>Washington State University</td>
<td>1,059</td>
<td>3,048</td>
</tr>
<tr>
<td>Colorado State University</td>
<td>978</td>
<td>3,496</td>
</tr>
<tr>
<td>University of Montana</td>
<td>747</td>
<td>2,115</td>
</tr>
<tr>
<td>University of Idaho</td>
<td>701</td>
<td>2,501</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PUBLIC 4-YEAR REGIONAL COLLEGES</th>
<th>1981-82</th>
<th>1982-83</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Oregon State College</td>
<td>1,186</td>
<td>3,404</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>1,205</td>
<td>3,423</td>
</tr>
<tr>
<td>University of Southern Colorado</td>
<td>850</td>
<td>3,060</td>
</tr>
<tr>
<td>Washington Regional Universities (ave.)</td>
<td>867</td>
<td>2,910</td>
</tr>
<tr>
<td>Fort Lewis State (Colorado)</td>
<td>724</td>
<td>2,758</td>
</tr>
<tr>
<td>Boise State University</td>
<td>689</td>
<td>2,389</td>
</tr>
<tr>
<td>Eastern Montana College</td>
<td>624</td>
<td>1,632</td>
</tr>
<tr>
<td>Lewis Clark State (Idaho)</td>
<td>600</td>
<td>2,300</td>
</tr>
<tr>
<td>California State Universities (ave.)</td>
<td>307</td>
<td>2,891</td>
</tr>
</tbody>
</table>

Sources: Telephone conversations with staff in selected institutions, April and May 1982.

<sup>a</sup>Tuition and fee rates include the instruction fee and all other fees required of students as a condition of current enrollment in an institution.

<sup>b</sup>Pending final determination of "Other Fees" for 1982-83.
Board Discussion and Action

In response to a question during the discussion, Mr. Lemman said he would favor returning to a cost of instruction policy in determining tuition. A strong argument could be made either for zero tuition or full tuition, but anything in between would represent an arbitrary figure. He said he would propose 25% for undergraduate residents, 33% for graduate resident students, and 50% and 100% of the cost of instruction for undergraduate and graduate nonresident students. These would be arbitrary but would have some rationale in terms of major fractions.

Mr. Perry asked whether the emphasis on tuition and the competition between community colleges and four-year colleges and universities would be an argument for closer statewide planning so that tuition is not used as a competitive advantage. The Chancellor responded that tuition was an intersegmental issue that needed to be addressed so that there was a more rational relationship between these educational segments in terms of tuition.

Mr. Wyss asked whether a tuition based on a percentage of the budget would mean that each time the Legislature reduces expenditures for higher education that tuition would be cut. Mr. Lemman said that would probably be done once a year or once a biennium. Mr. Wyss pointed out that even if adjustments were not made, tuition would become a larger portion as expenditures were cut.

Mr. Batiste asked whether there would be greater comparability between the colleges and the community colleges if the college-university differential were used. Mr. Lemman indicated that there would be greater comparability because tuition at the colleges would be reduced by approximately $200 but there were other factors, such as the cost of living away from home, which also had a bearing. In terms of the college-university differential, there were arguments for and against it on the basis of differences between the two kinds of institutions. There was a general discussion of the effect of using a percentage of the cost of instruction on financial resources and quality of education.

It was indicated that a tuition differential based on credit hours might provide additional revenue. The difficulty of administering a lower-division and upper-division tuition was discussed. The Chancellor suggested that it might be appropriate to form an ad hoc committee to recommend a coherent tuition policy after a careful study involving all segments of education.

The Board directed the staff to prepare a tuition package which would reflect the financial impact of eliminating the tuition surcharge and also instructed the staff to explore tuition policies with other appropriate intersegmental agencies. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Staff Report to the Board

The Preliminary 1983-1985 Biennial Budget presented in this agenda item was designed to identify the major budget issues and to seek Board approval on the Decision Packages to be included in the budget.

Base Budget

The Base Budget level according to APLS II guidelines will be the expenditures necessary to maintain the 1982-83 service level during the 1983-1985 budget period adjusted for inflation and other costs. In addition, the APLS II guidelines require that the funding mix between General Fund and Other Funds that exists in 1982-83 be continued in the base for 1983-1985.
The inflation adjustments for the 1983-1985 budget period are projected as follows:

<table>
<thead>
<tr>
<th></th>
<th>1983-84</th>
<th>1984-85</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Services and Supplies</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Equipment</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Library Acquisitions</td>
<td>10.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Fuel Oil No. 2</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>12.0</td>
<td>12.0</td>
</tr>
<tr>
<td>Electricity</td>
<td>15.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

The 1983-1985 base budget increase for these inflation adjustments will approximate $18.2 million.

Legislative action in the 1981 Regular Session provided for an average salary rate increase for academic staff during 1982-83 of 9.5%, and a rate increase of 9% for classified staff, in addition to special adjustments for certain classifications resulting in an average rate increase in excess of 9%. Because academic staff salary rate increases were deferred and both academic and classified increases occur during the 1982-83 fiscal year, the actual cost is approximately 4% in 1982-83 rather than 9.5%. However, the cost in 1983-84 and 1984-85 will be the full 9.5%. The additional dollars required in 1983-1985 to fund the phased-in salary rate increases in 1982-83 will be $19.5 million.

The Other Payroll Expenses (OPE) continue to increase with changes in the state retirement and Social Security contribution rates. It is estimated that OPE costs will increase by $5.9 million in 1983-1985.

The 1981 Regular Session suspended for the 1981-1983 Biennium the contributions to the state’s self-insurance Restoration Fund program. The Restoration Fund cost to Education and General Services for 1983-1985 is projected at $1.3 million. This is approximately one-third of the cost prior to the changes made in 1981, the results of a revised funding policy.

These adjustments to the Base Budget, similar to those being made by all state agencies, will total approximately $45 million for 1983-1985.

Decision Packages

1. Adjustment for Enrollment Change

The three-term student FTE projected and funded for 1982-83 is 47,017. The projection for 1983-84 is 48,856 and for 1984-85 is 43,523. To determine the income from instruction fees included in the 1983-1985 base budget, the income from 47,017 students is doubled resulting in an estimate of $144,406,050. Applying the 1982-83 instruction fee levels to the numbers and mix of students forecast for 1983-84 and 1984-85 produces an estimated income of $130,214,367, or $14,191,683 less than the amount included in the base. Decision Package 1 is designed to avoid reduction in the expenditure budget of that amount.

Historically, the Legislature has funded the seven institutions for changes in enrollment on a variable cost basis with the addition or reduction limited to 1% of an institution’s cost of instruction budget. The "1% Policy" is modified when an institution’s enrollment change is of such magnitude that it would take longer than three years at an annual 1% increase or decrease in the budget to achieve a funding level related to enrollment. In such a case, the budget adjustment is made in increments of one-third of the total per year over a period of three years.
The first part of Decision Package 1 proposes that budget changes related to enrollment be identified applying the "1% or 1/3 Policy." If the policy were applied, budget and/or program reductions totaling $8,451,151 would be identified for 1983-1985. Such identification would communicate to the Governor and the Legislature the size of the budget decrease were the historical policy to be applied. It is proposed, however, that the $8,451,151 remain in the Department's budget to move toward a more adequate expenditure per student and to permit the Board to redirect those resources into programs and services to enhance quality. Some of the redirected resources could be used to improve student/teacher ratios, where appropriate, to strengthen programs related to economic development, and to improve funding for libraries, teaching and research equipment, and the like.

The second component of Decision Package 1 proposes to begin moving back to the General Fund-Other Fund split of the Education and General Budget extant in the 1981-82 fiscal year. In 1981-82 the General Fund share was 62% of the budget while in 1982-83 it dropped to 57.9%. In 1983-1985 instruction fees will generate approximately $14.2 million less than the 1982-83 base instruction fees because of declines in enrollment and a change in mix of nonresident and resident students toward the latter. In this second component of Decision Package 1, it is proposed that the General Fund offset a loss in Other Funds income of $5,740,532. This offset combined with the enhancement funds described above of $8,451,151, also to be funded from the General Fund would provide a General Fund share in 1983-1985 of 60.5%—still 1.5 percentage points below the 1981-82 level. Decision Package 1 is summarized as follows:

1. Program Reduction/Enhancement Component #1 Reduction Component #2 Instruction Fee Loss General Fund Offset Totals
   Education and General $8,451,151 $8,451,151 5,740,532 $0 $14,191,683
   General Fund $8,451,151 $8,451,151 $5,740,532 $5,740,532 $14,191,683
   Other Funds $(8,451,151) $(8,451,151) $(5,740,532) $(5,740,532) $(14,191,683)

2. Remove Instruction Fee Surcharge
   An instruction fee surcharge of $49/term or $147/year was imposed in Winter Term 1982 to prevent having to cut the budget for enrollment loss, and thus Other Funds income, in addition to the budget reductions required due to the General Fund revenue shortfall. The surcharge was viewed by the Board as a temporary measure; General Fund replacement for those revenues was to be sought in the 1983-1985 Biennial Budget. The cost of removing the surcharge in 1983-1985 would be $11.2 million. Decision Package 2 is summarized as follows:

2. Remove Instruction Fee Surcharge
   Education and General General Fund Other Funds
   -0- $11,238,297 ($11,238,297)

3. Fund the 11.5% Pay Adjustment
   The Board authorized each institution to give salary increases during 1982-83 so that average salary rates will be 11.5% greater on June 30, 1983 than they were on June 30, 1982. The salary improvement package
approved by the 1981 Legislature anticipated average salary rates to increase 9.5%. Because the 11.5% rate does not conform to the 1981 legislative action on salaries, the funding of the additional 2% in 1983-1985 must be a decision package rather than a base budget adjustment. This decision package will cost $5.2 million and is proposed to be funded 100% by the General Fund. Decision Package 3 is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Education and General</th>
<th>General Fund</th>
<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Fund the 11.5% Pay Adjustment</td>
<td>$5,204,000</td>
<td>$5,204,000</td>
<td>-0-</td>
</tr>
</tbody>
</table>

4. Academic Salary Catch-Up

A request is being formulated to the Executive Department to include salary funds to augment academic pay as part of the separately-appropriated salary adjustment funds submitted by the Governor. This request will, therefore, be reviewed and acted upon along with all other salary adjustment requests rather than as a decision package in the Department's budget. Guidelines for our request to the Executive Department will be formulated and presented to the Board later this summer.

5. Program Enhancements--Systemwide

In preparing the 1981-1983 Biennial Budget request, the Board and the institutions spent considerable time identifying the great needs in the institutions. For Education and General Services, over $57 million in need was identified. After extensive review by the Board, Systemwide program improvement requests of $17,700,000 for 1981-1983 were authorized. The 1981 Legislature did not appropriate any funds to satisfy these needs. The 1981-1983 request, although referred to as Program Improvement, was more accurately an attempt to restore lost purchasing power and to acquire funds to repair or replace facilities and equipment. The particular situations addressed by the Board in its request in 1981-1983 have not been alleviated, but indeed are worse following the budget reductions in 1981-1983 budget period.

It therefore seems appropriate to request without further documentation program enhancement in 1983-1985 in the same amount as requested in 1981-1983 with an approximate 10% increase as an allowance for inflation. For 1983-1985, the following program enhancements are proposed with written documentation and justification to parallel the 1981-1983 request:

<table>
<thead>
<tr>
<th>Program Enhancement</th>
<th>Education and General</th>
<th>General Fund</th>
<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Acquisitions</td>
<td>$5,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities Maintenance</td>
<td>5,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computing</td>
<td>3,300,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>1,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Equipment</td>
<td>3,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>1,500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$19,800,000</strong></td>
<td><strong>$19,800,000</strong></td>
<td><strong>-0-</strong></td>
</tr>
</tbody>
</table>

The cost of this decision package is proposed to be funded 100% by the General Fund. Decision Package 5 is summarized as follows:

<table>
<thead>
<tr>
<th>Program Enhancement</th>
<th>Education and General</th>
<th>General Fund</th>
<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Program Enhancement Systemwide</td>
<td>$19,800,000</td>
<td>$19,800,000</td>
<td>-0-</td>
</tr>
</tbody>
</table>

6. Program Enhancements--Institution Specific

In the 1981-1983 program improvement proposals, there were institution specific requests designed to address a particular need at an institution. At the May 14, 1982, meeting of the Committee on Finance, Administration,
and Physical Plant, it was decided that institution specific items be included in the 1983-1985 Biennial Budget request. The Committee recommended that each institution build its request within a dollar guideline and to limit the number of requests to three or fewer items. Each institution has been directed to provide a list of institution specific requests approximating 1-1/2% of the expenditure budget. The dollar guidelines are as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Dollar Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>$1,720,000</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>$1,720,000</td>
</tr>
<tr>
<td>Portland State University</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>$300,000</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>$360,000</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>$200,000</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>$280,000</td>
</tr>
<tr>
<td>Oregon Health Sciences University</td>
<td>$840,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,520,000</strong></td>
</tr>
</tbody>
</table>

The institution specific items in 1981-1983 totaled $3,596,000. It is expected that the Board at its June 25, 1982, meeting will select those items it wishes to include in its 1983-1985 budget request.

Statewide Public Service Divisions

The Statewide Public Service divisions are following the same APLS II guidelines that are being followed by Education and General Services. The inflation factors and full funding of pay adjustments will be determined following the guidelines and procedures adopted for Education and General Services.

The decision packages for program enhancement will be unique to each Statewide Public Service division. The ability to fund program enhancement from Other Funds varies. Therefore, it would seem appropriate to allow each Statewide Public Service division to develop a budget within its projected Other Funds resources. Program enhancement from the General Fund should be limited to approximately 4% of the adjusted base budget for 1983-1985. The 4% guideline compares favorably with the level of program enhancement for Education and General Services contained in this agenda.

Board Discussion and Action

In presenting the report, Mr. Lemman indicated that after the Board had accepted, rejected, or modified any of the decision packages, the precise dollars would be computed and the results brought back to the Board.

In response to a question from Mrs. Carpenter, Mr. Lemman said that projected decreases for financial reasons had been built into the projections. Tuition included reduced financial aid, increases in tuition, and lack of job opportunities. The Chancellor mentioned that early estimates had been based on demographic data which are changing as people move out of the state. Mr. Lemman stated that enrollment estimates made prior to the economic downturn, and everything that flowed from that, projected a slight decline in enrollments, but present projections are beginning to show significant decreases.

Mr. Perry said it was unrealistic to assume the State System would get the amounts shown in the decision packages. Mr. Lemman commented that regardless of any change in economic conditions, the state, at the gubernatorial and legislative levels, had the discretion to change priorities. Further, unless the Board reports what it believes to be the genuine, almost crucial, needs of the state, there is no basis for making those changes in priorities. Mr. Lemman pointed out that if the Board were going to estimate the state's financial capabilities and tailor the budget request to that forecast, it would require a different approach.
The Chancellor indicated that the alternative to seeking these decision packages would be program reductions. It would be necessary to develop a plan for program reduction which would reduce the program offerings in the magnitude of $14 million. If it were concluded at this juncture that the Board would not seek the first decision package, it would be necessary to begin immediately upon a program reduction exercise to produce $14 million.

The Board approved Decision Package 1, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry abstained.

Mr. Lemman indicated that Decision Package 2 represented the cost of removing the fee surcharge. In response to a question, the Chancellor said there was a commitment to submit a proposal to remove the surcharge. It could be removed by reducing programs in the amount of something substantially in excess of $11 million, because the subsequent reduction in student enrollment requires a larger reduction in programs to achieve the monetary goal. A program reduction of perhaps $16-17 million would be required. Mr. Lemman said the forecasts reflected the impact of the surcharge.

Mr. Batiste asked whether the legislative request to remove the surcharge also suggested that the Board request an increase in the General Fund allocation in order to remove the surcharge. The Chancellor responded that he did not interpret the budget report to say that the Board should request the removal of the surcharge simply by adding to the General Fund allocation. Therefore, it would be necessary to reduce faculty and in the process reduce programs and access. Decision Package 2, if approved, would fund the elimination of the surcharge and program reduction would not be necessary for that purpose. If not funded, the alternatives would be to cut programs or to leave the surcharge in place. It was pointed out that the present decision before the Board was whether to include this decision package in the budget request. If the package is not funded, a determination can be made by the Board in the spring of 1983 on whether to cut programs or retain the surcharge.

The Board approved Decision Package 2, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

The Board approved Decision Package 3 to fund the 11.5% pay adjustment. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Mr. Lemman explained that Decision Package 4 for academic salary catchup would not be part of the Board of Higher Education's formal budget but would be included in a separate bill submitted by the Governor to provide salaries for all state employees. In addition, there will be additional discussions with faculty groups in formulating the proposal to the Governor. For that reason, no action was requested other than acknowledging that this would be a part of the Board's total program.

In the discussion of Decision Package 5 for Systemwide program enhancements, it was indicated that the request reflected the priority of program improvements requested earlier by the Board but never achieved. It was suggested that the institutions be asked to state in general their priorities and the Board would subsequently review earlier priority decisions and the comments from the institutions. It was pointed out also that the requests included in this decision package were not program enhancements but represented restoration of program support which was desperately needed.

The Board approved the inclusion of this tuition package, with the understanding that the title would be changed to reflect the fact that it was restoration of program support rather than enhancement. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.
Decision Package 6 represents postponed joint program needs which are institution specific. Mr. Lemman indicated that the institutions had been instructed to restrict their requests to approximately three items within the maximum dollar amounts indicated. The Board would subsequently consider each request on its own merit for inclusion in the Board's decision package for this purpose.

The Board reaffirmed the action of the Finance Committee to include a decision package for institution-specific program needs. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.

Mr. Lemman said the Committee had requested that the Board be provided with cost estimates for various proposals for long-range planning. It is anticipated that this information would be brought to the Board after Chancellor-Designate Davis has had an opportunity to influence the proposal. The cost would vary depending upon the extent to which outside consultants were used. The Board acknowledged its intent to continue with this effort and that it might require budget support in the form of an additional decision package. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Mr. Lemman indicated that no Board action was required on the statewide public services unless the Board disagreed with the procedure presented. Since there was no disagreement, no action was taken.

Mr. Ingalls referred to Decision Package 4 on the academic salary catchup and suggested that a letter be sent to the Executive Department stressing the importance of this proposal.

It was agreed that the priority order of the decision packages would be decided later.

Mr. Batiste asked where high technology appeared in the budget as requested by the Finance Committee. Mr. Lemman explained that it would be forthcoming because that proposal was also to be submitted after consultation with Chancellor-Designate Davis.

President Harms announced the appointment of the following nominating committee to consider and prepare a slate of officers for presentation at the June Board meeting: Mr. James Petersen, Chairman; Mrs. Jane Carpenter, and Mr. Alvin Batiste. He asked that Board members submit any suggestions or specific nominations to the committee.

Mr. Harms expressed the Board's appreciation to President Light and his staff for the courtesies extended to the Board during its visitation. He said those who had attended the visitation found it very helpful and productive.

Mr. Harms also recognized and expressed appreciation to President Light for his dedication and effective leadership of Oregon Institute of Technology during his tenure as president. He indicated that he would be missed as he left for his new position.

Mr. Harms announced that Dr. Earl M. Pallett, who served as Board Secretary for several years prior to his retirement on April 15, 1963, had died on May 25, 1982. He had served higher education in several capacities as registrar, executive assistant to the president, and director of teacher placement services at the University of Oregon prior to becoming Board Secretary. The Board expressed sympathy to his family.
Summary and Staff Recommendation for Meeting Worksheets

Purchase of Johnson Property, OSU

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the Rodney Ray Johnson property at 721 S. W. 17th Street, Corvallis, at the option price of $44,000. The property, which measures approximately 55 feet by 100 feet (or about 0.129 acres) and is improved with an old two-story residence containing about 1,140 square feet, plus basement, is located within the approved projected campus boundaries of Oregon State University and is expected to be utilized for student housing and related recreational purposes. The purchase would be financed from self-liquidating bond borrowings and/or auxiliary enterprise balances and would be charged against the expenditure limitation approved for land acquisition under the provisions of Chapter 539, Oregon Laws 1981.

Board Discussion and Action

The Board approved the staff recommendation as presented with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None

Staff Report to the Board

On April 30, 1982, Rodney Ray Johnson signed an option for the sale of his property at 721 S. W. 17th Street, Corvallis, to the Board in the amount of $44,000. The option price is equal to the average of two separate independent appraisals obtained very recently by officials of Oregon State University, one from Robert N. Rondeau and the other from Steven S. Swedberg, both of Corvallis.

The property contains approximately 5,600 square feet of land, or about 0.129 acres, on the east side of S. W. 17th Avenue, adjacent to other properties which the Board has acquired for student housing and related recreational purposes.

The 62-year old residence has a living-dining room, foyer, kitchen and bedroom on the main floor, two bedrooms and a bath on the second floor, and a bedroom with a shower in the basement. The appraisers indicated that the house would be rated only in fair condition.

Funds required for the purchase would be provided from Article XI-F(1) bond proceeds and/or balances available to the institution from its residence hall operations. No state tax funds would be involved.

Purchase of Hettick Property, EOSC

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the Vera A. Hettick property at 1202 'L' Avenue, La Grande, at the option price of $60,700. This property, which measures approximately 120 x 110 feet (or about 0.303 acres) and is improved with an old two-story residence containing about 2,316 square feet, plus a basement, is located within the approved projected campus boundaries of Eastern Oregon State College and is expected to be utilized for future parking. The purchase would be financed from self-liquidating bond borrowings and would be charged against the expenditure limitation approved by Chapter 539, Oregon Laws 1981, for land acquisition for auxiliary enterprises. No state tax funds are involved.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.
Staff Report to the Board

On April 20, 1982, Vera A. Hettick signed an option for the sale of her property at 1202 'L' Avenue, La Grande, to the Board in the amount of $60,700. This option price is in line with three separate independent appraisals obtained very recently by officials of Eastern Oregon State College from Bill Davis and Lin Hilton of Cornett Real Estate, Andrew M. Lilly, and Gregory J. Plass.

The property contains approximately 13,200 square feet of land, or 0.303 acres, within two lots on the corner of 'L' Avenue and 6th Street, at the northwest boundary of the College campus in an area which the long-range physical development plan for the institution identifies for future use for vehicular parking.

The 60- or 70-year old house has a living room-dining room, kitchen and studio apartment on the first floor, four bedrooms and a bath on the second floor, and a full basement. There is an attached carport and a detached garage. The condition of the improvements is rated fair to poor.

Funds required for the purchase are available from proceeds from the sale of bonds under the provisions of Article XI-F(1) of the Oregon Constitution authorized under the provisions of Chapter 539, Oregon Laws 1981.

Summary for Meeting Worksheets (5-82-19a)

As part of the 1981-1983 capital construction authorization of $1,415,000 for Housing Improvements at the University of Oregon, it is proposed that the elevators within University Inn be modified at a cost of approximately $110,000 to be financed from the institution's building repair reserves for student residence halls.

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge the acceptance of the drawings and specifications which have been prepared by Lerch, Bates & Associates, Inc., for modifications to elevators 1 and 2 within University Inn, solicit bids and award a contract for this work within a total budget of approximately $110,000.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-20a)

Based upon initial planning completed by the architectural firm of Petersen Kolberg & Associates, P.C., the costs incidental to the proposed remodeling of space within University Hospital South to accommodate the proposed replacement of the Computed Tomographic Scanner on the 11th floor and to develop a cardiac catheterization laboratory on the 8th floor are estimated to be $270,000 and $310,000, respectively. Institutional officials have requested that these plans be approved and that the project costs be financed from the proceeds of Series 1982A bonds issued recently under the provisions of Article XI-F(1) bonds consistent with the 1981-1983 capital construction authorization for various Hospital and Clinic Rehabilitation and Alterations Projects.

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge the acceptance of the schematic design phase of planning for the proposed alterations to University Hospital South for the CT Scanner Replacement and the Cardiac Catheterization Laboratory Installation at the Oregon Health Sciences University and to instruct Petersen Kolberg &
Associates, P.C., Architects, and their consultants to proceed with the design development phase of planning for this work based upon separate direct construction cost allowances of $212,000 and $237,000.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-2la; no 21b)

Portland State University requests authorization to change its general University requirement for the baccalaureate degree for all students entering Portland State University under provisions of the 1982-83 and future catalogs as follows:

Present Requirement: Five different activity courses taken in five separate terms and one health education course.

Proposed Requirement: A three-credit course in health and physical education planned to develop understanding, skill, and experience in personal health fitness assessment, improvement, and maintenance.

Students admitted to Portland State University or to a community college transfer program prior to 1982-83, who graduate within five years from the date of their original enrollment, may choose whether they wish to graduate under the present requirement or the new requirement.

Portland State University has developed a new course, described below, to meet this requirement. The new course will replace physical education activity courses offered as a part of the institution’s regular instructional program. The institution will continue to offer some non-professional activity courses as a student service on a special fee (self-support) basis.

HPE 298. Health and Fitness for Life. 3 credit hours.

A foundation course including lecture and physical activity designed to expose the student to the interrelation of health and physical fitness. Course covers both assessment and improvement of the following: physical fitness, nutritional status, and the ability to cope with stress. The interacting role of the three components in achieving optimal health will be explored with particular emphasis on the cardiovascular system. (Two hours lecture, 2 hours laboratory/physical activity per week.)

Staff Recommendation to the Board

The staff recommended that the Board authorize the change in baccalaureate degree requirements at Portland State University effective with the 1982-83 entering class as requested.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-22a)

Officials of Southern Oregon State College have requested authorization to proceed with the installation of an elevator and modifications to the toilet and shower facilities within Siskiyou Hall so that this residence hall can be utilized more effectively to accommodate persons participating in educational conferences on the campus in Ashland. To cover the estimated expenditure...
requirements of $285,000, it is proposed that self-liquidating bond borrowings of $275,000 expected to be allocated for a portion of the Parking Improvements authorized by the Board and the 1979 Legislature be applied to these alterations, supplemented with balances of $10,000 (or as much thereof as may be required) from single student housing operations at the College. These costs and resources would be in addition to the estimated expenditure requirements of $58,000 approved by the Board on April 23, 1982, for the purchase and installation of air conditioning units and electrical service improvements for this building.

Staff Recommendation to the Board

It was recommended that the Board authorize the allocation of $275,000 from proceeds under the provisions of Article XI-F(1) of the Oregon Constitution, originally intended for expenditure for Parking Improvements at Southern Oregon State College, and that the Board also authorize the use of an additional $10,000 from balances available from residence hall operations at that institution to cover the estimated expenditure requirements of $285,000 for the installation of an elevator and the modification of toilet and shower facilities within Siskiyou Hall in accordance with the drawings and specifications prepared with the assistance of The Amundson Associates, P.C., Architects.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-23a)

The Administrative Rules of the State Board of Higher Education require that a graduate assistant be appointed for not less than .15 FTE in order to be eligible for a tuition waiver. The Graduate Teaching Fellows Federation at the University of Oregon declined to amend their collective bargaining agreement to postpone the effective date of 1982-83 salary adjustments or to reduce the amount of the salary adjustments to obtain necessary savings from this group of employees. As a result, the University of Oregon will have to reduce the FTE of graduate assistants in order to make the necessary savings. This reduction in FTE will place some graduate assistants below the .15 FTE minimum for tuition waiver. The University of Oregon proposes a temporary change in the Rule to permit tuition waivers during 1982-83 for graduate assistants whose appointments are not less than .14 FTE. The language of the amendment indicates that it will expire automatically at the end of the 1982-83 academic year.

Staff Recommendation to the Board

It was recommended that a public hearing be set for the June meeting of the Board on the matter of an amendment to OAR 580-22-030 and that the Board adopt an amendment to the Board noted below:

Academic Study Privileges

580-22-030 Staff members and graduate assistants may have the privilege of registering for class work on the following conditions:

(1) Graduate teaching and research assistants are fully admitted graduate students appointed to an assistantship while working toward a degree. Appointment as an assistant may not be for less than .15 FTE except that at the University of Oregon for the 1982-83 academic year an appointment as an assistant may not be for less than .14 FTE. The assistant may register for credit hours during any term to which the appointment applies. Institutions may establish minimum and maximum numbers of credit hours for which assistants may register, provided
that the President's approval is required for any term in which more than 16 credit hours are authorized. Academic study privileges will apply to the summer term for fiscal year appointments and, for academic year appointments, when it is the intent of the institution to reappoint the assistant for the following term.

Board Discussion and Action

The Board approved the recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-24a)

Senate Bill 981 enacted by the 1982 Special Session of the Legislative Assembly will result in a refund of premiums paid to the State Restoration (self-insurance) Fund. The amount estimated to be allocable to Auxiliary Activities is $1,522,545.

Staff Recommendation to the Board

It was recommended that the amount returned from Restoration Fund assessments paid in fiscal years 1976-77 through 1980-81 be returned to students in the form of a reduction in the 1982-83 incidental fee at each institution in an amount approximating $10 per term.

Board Discussion and Action

In response to a question, Mr. Lemman indicated that he had received only one communication from an institution pertaining to the refund of the restoration fund money and had received no comments from students about using these funds for projects which they were anticipating might be financed from these sources. He said that this possibility did not occur until late in the Special Session so it could not have been considered as a possible source of funding for these projects prior to that time. Mr. Hunderup said the money came from the auxiliary enterprise category, and this portion could not go back to the General Fund.

There was some discussion of the legal or moral obligation for returning the funds and the way in which the money should be distributed.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-25a)

The proposed revisions to the Internal Management Directives related to endowment funds would combine the True and Quasi endowment funds for investment purposes and clarify the investment objectives of the Board, establish guidelines for the amount of income to be made available for institutional use, and require gifts exceeding a certain dollar amount to be placed in the Quasi-endowment fund.

Staff Recommendation to the Board

It was recommended that the Investment Management Internal Management Directives 6.105 through 6.140 be revised and/or repealed to authorize the objectives outlined above in the summary.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.
May 28, 1982

Summary for Meeting Worksheets (5-82-26a)

The current high interest rates have necessitated a review of debt service responsibility. It is believed that the debt of some of the self-liquidating facilities in the Department must be assumed by the specific entity incurring the liability. There are also some relatively minor wording changes needed in the Financial Management directives to clarify and improve accuracy.

Staff Recommendation to the Board

The staff recommendation was to revise existing Internal Management Directives and add material to identify segregated debt service funds and establish Board policy relative to providing the required two-year debt service reserve for new construction projects for which bond funds are utilized. The revisions appear at the conclusion of the staff report.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Planagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Summary for Meeting Worksheets (5-82-27a)

In accordance with the understandings reached on April 23 when the Board authorized the Vice Chancellor for Facilities Planning to file an application for federal assistance in the amount of $20,790,000 to finance the planning, constructing and equipping of facilities for the proposed Institute for Advanced Biomedical Research at the Oregon Health Sciences University, the details contained within the application are now being summarized for Board review and approval. A request is also being submitted for the review and approval of the State Emergency Board as contemplated by ORS 291.375.

Staff Recommendation to the Board

It was recommended that the Board ratify the application which was prepared by the staff of the Oregon Health Sciences University with the assistance of Zimmer-Gunsul-Frasca Partnership, Architects, and their consultants, was executed on behalf of the Board by the Vice Chancellor for Facilities Planning, and was filed with the U. S. Department of Health and Human Services on May 24, 1982, for a grant in the amount of $20,790,000 to cover the estimated expenditure requirements for facilities for the proposed Institute for Advanced Biomedical Research.

Board Discussion and Action

Mr. Wyss said it was a great compliment to the Oregon Health Sciences University and to Dr. Laster's organizational ability that the biomedical research center was going to be built there, but he did not understand entirely how it tied into the mission of the institution as an educational establishment. Further, he said he did not quite understand if the Board of Higher Education should be responsible as a governing board for overseeing a biomedical research institute. He said this was getting the Board into something that it had never done before.

Mr. Hunderup explained that the State System has done a substantial amount of research and that this would have some relationship to teaching. He said the facility would be directly applicable to the mission of the Health Sciences University and would emphasize the research element among the three principal elements of instruction, research, and public service that are the charge to that institution in its mission statement.
President Laster said the goal of the institution was to produce health professionals and that they need training and education in the foundations of their disciplines. In all three schools, the disciplines are based on the basic sciences which are evolving rapidly, and in which the tools of molecular biology form the basis for tomorrow's medicine, dentistry, and nursing. The training of these people requires the presence of people on the campus who are not only able to teach those subjects but who, if one is aspiring toward higher quality, are themselves contributing to the advancement of knowledge in that area. This is essential in order to imbue in the graduates a critical capacity to continue learning for the rest of their lives. In order to produce people who can continue to cope with the flow of knowledge that is occurring, it is critical that they be nurtured in an intellectual environment of inquiry and investigation. Therefore, having on the campus people who are in the midst of active investigation in the fields that are at the cutting edge of the basis of the critical disciplines becomes an essential.

Dr. Laster said the institution has been extremely undernourished in that area and there will be attrition from the progressive erosions due to budget cuts. Consequently, the addition of a core of perhaps eight senior investigators who are leaders in their fields, plus the young people with them, will be an integral part of the educational program. There is a second obligation to contribute to the field because all of the disciplines at the Health Sciences University are utilizing the contributions of other similar institutions across the country.

It is anticipated that the people who come to the institute will be willing to share in the teaching responsibilities of the institution and will represent then an enhancement of the undergraduate teaching capability. Students in the undergraduate program will have the opportunity to work in these laboratories and their professional training will benefit. The present faculty are confronted by a diminishing horizon in biomedical support. It is an integral part of an academic health center that is not supported by state funds and for which the availability of funds is shrinking. The presence on campus of additional strength in the basic biomedical sciences will enhance competitiveness for the support that faculty now need and perhaps help in the difficult years ahead. In conclusion, Dr. Laster said the institute was not a luxury but an essential core. When it is achieved, the institution will be a much stronger institution in relation to the missions set for the institution by the Board.

In response to a question concerning the planning, Dr. Laster said it was a tribute to the dedication of the staff in adding this planning to their existing workloads. He then described some of the discussions which have taken place and other consultations to be undertaken on a variety of issues.

Mr. Perry asked whether it would be possible to compete effectively with similar established centers. Dr. Laster said the opportunity to bring colleagues as a group and form a cluster around a particular research field would be a great attraction because there are few such opportunities. It is likewise true that the individuals for such positions are limited. This is compounded by the present posture of higher education in the state and the difficulties it is facing. President Laster said he believed the excitement and enthusiasm would form a very positive recruiting structure.

In response to a question concerning funding, Dr. Laster said the activity would be expanded or reduced to meet the income from the endowment. The endowment is not encumbered by any matching requirements.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.
Mr. Harms recognized Mr. Ingalls for the purpose of presenting the following tribute:

TRIBUTE IN MEMORY OF RICHARD ZITA

May 28, 1982

The Oregon State Board of Higher Education wishes to pay tribute to Dick Zita, Assistant to the Chancellor for Public Services, who died April 3, 1982.

Dick joined the State System staff ten years ago as Director of Public Affairs. In that capacity and as Assistant to the Chancellor, he worked prodigiously—often behind the scenes—listening, researching, and writing.

To Dick Zita, higher education was not simply a job; it was a dedication, a mission he used all his newspaper man's skill and training to promote.

A shy person who shunned the limelight, Dick was at his best on a one-to-one basis. In spare moments, he delighted in discussing politics or quoting from the philosophers he loved to read.

Though he often referred to himself as a maverick, those who knew him were more likely to call him a gentleman and a scholar.

As Director of Public Services and later Assistant to the Chancellor, he had a wide range of responsibilities which he executed with quiet, but unfailing dedication.

We wish to take this opportunity to acknowledge that dedication and the fine contribution Dick Zita made to the State System of Higher Education.

The Board adopted the resolution in memory of Mr. Zita. On roll call vote, the following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Weatherford, Wyss, and Harms. Those voting no: None.

Mr. Perry said he was very concerned about the revenue-expense situation of the state. He said forecasts can be wrong, but he thought when they reviewed the budget again, the fact should not be overlooked that it may be necessary to have contingency plans in the event further cuts become necessary. This would avoid being forced into some further cutting phase without sufficient attention being paid again to priorities.

Mr. Harms concurred and suggested that it should also apply to planning at the institutions as well as in the central office.

The Secretary reported that two communications had been received. The first notified the Board that the Chappell-Swedenburg House in Ashland had been proposed for nomination to the National Register of Historic Places. The second was a resolution from the Oregon Nurses Association commending Dean Carol Lindeman of the School of Nursing at the Oregon Health Sciences University for her interest and support of quality nursing education and her efforts in obtaining adequate financial support for the programs.
Report of Bids and Contract Award for Housing Improvements (Amazon Housing Storm Sewer), UO

Staff Report to the Board

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Architect Albert Pastine, Eugene, and his engineering consultants for the expansion of the existing storm drainage system at the Amazon student housing complex on the campus of the University of Oregon, were accepted on behalf of the Board. Ten bids were received for the work on April 22, 1982, ranging from a low of $89,800.70 to a high of $132,705.50. Inasmuch as the low bid was within the direct construction cost allowance, 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>Kurt Kimsey Construction Co., Milwaukie</td>
<td>$89,800.70</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>21,360.00</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>7,349.00</td>
</tr>
<tr>
<td>Contingencies</td>
<td>4,490.30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$123,000.00</td>
</tr>
</tbody>
</table>

In accordance with the design phase of planning which the Board reviewed and approved on August 7, 1981, the work of the contract includes the installation of a new site drainage system, including area drains, to which future gutters and downspouts on all buildings could be connected.

The work is part of a larger project, Housing Improvements, for which an expenditure limitation of $1,415,000 was authorized by the 1981 Legislature. All of the expenditures applicable to the storm sewer improvements are being financed from proceeds from the sale of self-liquidating bond borrowings obtained under the provisions of Article XI-F(1) of the Oregon Constitution. No state tax funds are involved in the project.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - UO Housing Improvements (Amazon Housing Storm Sewer)

Architect - Albert Pastine, Eugene

Board's priority - Portion of No. 14 in 1981-1983 (Auxiliary Enterprises)

Estimated total project costs (this portion only)   $123,000.00

Estimated total direct construction costs (this portion only)   $89,800.70

Scheduled completion - September 1982

Tentative financing plan:
- Article XI-F(1) bond borrowings   $123,000.00

Board Discussion and Action

The Board received the report as presented.

Report of Inspection and Acceptance of Autzen Stadium Improvements (Stadium Club), UO

Staff Report to the Board

Upon the recommendation of institutional officials, Mention Hanns Associates, project architects, Eugene, and University of Oregon Foundation officials, the work of the prime contractor for the Autzen Stadium Club at the campus of the University of Oregon, Eugene, was accepted on behalf of the Board as of April 13, 1982, subject to the completion of unfinished punchlist items. The work was inspected that day 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 11, 1981:

<table>
<thead>
<tr>
<th>Description</th>
<th>Revised Budget 4/13/82</th>
<th>Original Budget 9/11/81</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs -</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wildish Construction Co., Eugene</td>
<td>$498,160</td>
<td>$500,227</td>
<td>$(2,067)</td>
</tr>
<tr>
<td>Professional services fees (for bidding and construction phases only)</td>
<td>10,643</td>
<td>10,175</td>
<td>468</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>19,800(2)</td>
<td>19,800</td>
<td></td>
</tr>
<tr>
<td>Works of art</td>
<td>5,002</td>
<td>5,002</td>
<td></td>
</tr>
<tr>
<td>Construction supervision and miscellaneous expenses</td>
<td>41,395(2)</td>
<td>14,785</td>
<td>26,610</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td>25,011</td>
<td>(25,011)</td>
</tr>
<tr>
<td>Total</td>
<td>$575,000</td>
<td>$575,000</td>
<td>$ -</td>
</tr>
</tbody>
</table>

(1) Includes deletion of speaker system relocation to the press box roof and speaker system allowance; providing a grounding system for relocated flagpoles; furnishing a concrete junction box for reader board cable splice; relocating water line in conflict with relocated flagpole; installing and maintaining a snow fence barricade at job site; relocating 8" concrete drain line in conflict with piling location at southeast corner of elevator shaft; providing electrical cable from a new junction box south of southern tunnel wall to existing fuseholder in the high voltage room on the mezzanine level; substituting Tremplin single-ply elastomeric roof membrane system in lieu of Carlisle membrane system; revising elevator work to omit sump pump and add floor drain; raising elevator shaft roof 11"; compensating contractor for obstruction (boulder) encountered while drilling hole for elevator cylinder; deleting waterproofing on exterior walls below grade at Rooms 106 and 107; deleting ditch for electrical lines to planter for future TV cable entry; deleting flashing assemblies for roof deck pipe penetrations; changing five soffit access doors from keyed locks to knurled knobs; omitting Watrous modular units; providing two fire extinguisher cabinets and drinking fountains; reimbursing contractor for chemical toilet rental; extending outside concrete walls supporting north and south stairways; adding access doors in ceiling material; establishing additional terms and conditions to the contract for progress payments payable to the contractor after the established completion date of February 12, 1982, and other minor modifications all within ten approved change orders.

(2) Includes items which may be purchased directly by the University of Oregon Foundation rather than being processed for payment through the institution.

The work of the contract included the construction of multi-purpose meeting room facilities at the east end of Autzen Stadium with flexible seating space for approximately 182 persons for conferences, meals, coaching instruction, viewing of stadium events, etc. A catering kitchen, storage areas and restrooms were included also. The structure is elevated on concrete walls above existing ramps with access by stairs and an elevator. It contains a gross area of approximately 6,160 square feet.

The expenditures for this project were provided exclusively from gifts through the University of Oregon Foundation.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO Autzen Stadium Improvements (Stadium Club)

Architects - Menton, Hanns, Associates, Eugene
Board's priority - No. 23 in 1981-1983 (Auxiliary Enterprises)

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs
(exclusive of certain materials and services provided in kind from individual donors or through direct purchases by the University of Oregon Foundation, and exclusive also of design fees paid directly by the Foundation) $575,000

Estimated direct construction costs
(exclusive of gifts in kind) $498,160

Estimated gross area - 6,160 square feet
Estimated direct construction cost per square foot = $80.87

Financing plan:
Gifts through the University of Oregon Foundation $575,000

Board Discussion and Action

The Board received the report as presented.

Report of Bids and Contract

Staff Report to the Board

Award for Energy and Conservation and Hospital and Clinic Rehabilitation and Alterations Projects (Incinerator with Heat Recovery), OHSU

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of KEI/Kruchek Engineers, Inc., project engineers, Portland, for the Incinerator with Heat Recovery project on the campus of the Oregon Health Sciences University in Portland, were accepted on behalf of the Board. Ten bids were received for the work on May 5, 1982, ranging from a low of $243,547 to a high of $295,800. Inasmuch as the low bid was considerably less than the direct construction cost allowance, a contract award was made and the following tentative budget was approved for the project:

<table>
<thead>
<tr>
<th>Costs</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs</td>
<td>$243,547</td>
</tr>
<tr>
<td>Equipment</td>
<td>220,000</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>40,000</td>
</tr>
<tr>
<td>Construction supervision</td>
<td>28,453</td>
</tr>
<tr>
<td>and miscellaneous costs</td>
<td>20,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$550,000</td>
</tr>
</tbody>
</table>

Due to the substantial savings on the direct construction cost from the original estimate of $360,000, the project budget has been lowered from $665,000 to $550,000.

In accordance with the design phase of planning which the Board reviewed and approved on October 23, 1981, the work of the contract includes the installation of an incinerator within a new structure adjacent to the south campus utility plant. The project will enable the institution to incinerate most of the contaminated, non-contaminated and low-level radioactive wastes from the hospital and clinics and convert the heat captured in the process into steam for the central distribution system.

Article XI-F(1) bond proceeds of $205,000 will be applied to supplement a federal energy grant of $172,500 and the state matching funds of $172,500 allocated from the General Fund appropriation within Chapter 220, Oregon Laws 1979, to cover the estimated total expenditure requirements of $550,000.
RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OHSU Energy Conservation and Hospital and Clinic Rehabilitation and Alterations Projects (Incinerator with Heat Recovery)

Engineers - KEI/Kruchek Engineers, Inc., Portland

Board's Priority - portion of No. 5 in 1981-1983 (Auxiliary Enterprises)

Legislative authorizations - Emergency Board action on February 1, 1980, and Chapter 539, Oregon Laws 1981

Estimated total project costs (this portion only)

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Conservation</td>
<td>$345,000</td>
</tr>
<tr>
<td>Hospital and Clinic Rehabilitation and Alterations</td>
<td>$205,000</td>
</tr>
<tr>
<td>Total</td>
<td>$550,000</td>
</tr>
</tbody>
</table>

Estimated total direct construction costs (this portion only)

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$243,547</td>
</tr>
</tbody>
</table>

Scheduled completion - December 1982

Tentative financing plan:

- USDOE grant $172,500
- General Fund appropriation within Chapter 290, OL 1979 $172,500
- Subtotal (Energy Conservation) $345,000
- Article XI-F(1) bond proceeds $205,000
- Total $550,000

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 WE Group, P.C., project architects, Portland, for the University Hospital South Fourth Floor Surgical Pathology Alterations project on the campus of the Oregon Health Sciences University in Portland, were accepted on behalf of the Board. Fourteen bids were received for the work on May 4, 1982, ranging from a low of $176,728, to a high of $242,398. These amounts include three additive alternates which were exercised. Inasmuch as the bids were considerably less than the direct construction cost allowance, a contract award was made to the lowest bidder and the following tentative budget was approved for the project:

- Direct construction costs:
  - Associated Building Contractors, Inc., Beaverton $176,728
  - Professional services fees $18,000
  - Furnishings and equipment $50,000
  - Construction supervision and miscellaneous costs $35,905
  - Works of art $1,767
  - Contingencies $17,600
  - Total $300,000

The estimated total expenditure requirements of $300,000 are $95,000 less than the pre-bid budget reported previously.

In accordance with the schematic design phase of planning which the Board reviewed and approved on October 23, 1981, the work of the contract includes relocating Surgical Pathology from the first floor of the Basic Science Building to the fourth floor of University Hospital South. The space in the hospital will be remodeled to provide an accession room, gross
room, flammable storage room, an Histology Laboratory area, a Cytology area, and office space for medical staff, residents, and administrative support personnel. The additive alternates which were exercised provide for remodeling to improve lighting within Rooms 7 and 11, suspend acoustical ceiling tile within Room 11, and remove desks, shelves, cabinets, closets, wainscot and sinks, and patch the walls and floors within Rooms 7, 8, 9 and 11.

All of the expenditures are to be charged against proceeds from the sale of self-liquidating bond borrowings obtained under the provisions of Article XI-F(1) of the Oregon Constitution and in accordance with the project authorization within Chapter 539, Oregon Laws 1981.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OHSU Hospital and Clinic Rehabilitation and Alterations Projects (University Hospital South Fourth Floor Surgical Pathology Alterations)

Architects - WEGroup, P.C., Portland

Board's priority - Part of No. 5 in 1981-1983 (Auxiliary Enterprises)

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs (this portion only) $300,000

Estimated direct construction costs (this portion only) $176,728

Estimated area to be remodeled - 2,565 square feet

Scheduled completion - November 1982

Tentative financing plan:

Article XI-F(1) bond borrowings $300,000

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Based upon the recommendations of officials of the Oregon Health Sciences University, and in accordance with the provisions of AR 580-50-020, arrangements were made with Petersen Kolberg & Associates, P.C., Wilsonville, for professional services relating to the design and contract administration of two remodeling projects within University Hospital South at the Oregon Health Sciences University in Portland which are expected to be undertaken as part of the 1981 legislative authorization for Hospital and Clinic Rehabilitation Projects:

A. Computed Tomographic Scanner Replacement

B. Cardiac Catheterization Laboratory Installation

Compensation for the professional services of the Architects and for reimbursement of related expenses for both units of this work will be based upon time and materials not to exceed a maximum of 10% of the direct construction costs of each project. The estimated project costs are $270,000 for Project A and $310,000 for Project B, including tentative direct construction costs of $212,000 and $237,000, respectively.
Pending the award of construction contracts, when the project costs would be financed from self-liquidating bond borrowings issued under the provisions of Article XI-F(1) of the Oregon Constitution, the planning costs are being financed from balances available to the institution from hospital operations.

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

On January 22, 1982, the Board approved the schematic design phase of planning for the proposed remodeling of the Physical Education Building on the campus at Oregon Institute of Technology, prepared with the assistance of Architects Skidmore, Owings & Merrill, Portland. This project is part of the 1981-1983 capital construction program for auxiliary enterprises and is estimated to cost $1,025,000.

Based upon the recommendation of institutional officials following the completion of the design development phase of planning, the Board’s staff acknowledged the acceptance thereof and authorized the architects to complete the construction documents phase so that bids may be solicited and a contract award made for the work. The description of the proposed facilities remains essentially the same as that outlined in the January 22, 1982, Board minutes.

The direct construction cost allowance continues to be $863,280. These costs and the related expenditures for professional services fees, artwork, construction supervision and other project expenses are to be financed from Article XI-F(1) bond proceeds and/or balances available from excess sinking fund reserves from commingled student building fees.

RECAPITULATION UPON ACCEPTANCE OF DESIGN DEVELOPMENT PHASE OF PLANNING

Project - OIT Physical Education Building Remodel (Swimming Pool)
Architects - Skidmore, Owings & Merrill, Portland
Board’s priority - No. 9 in 1981-1983 (Auxiliary Enterprises)
Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs $1,025,000
Estimated direct construction costs $863,280
Estimated area to be remodeled - 11,784 square feet
  Direct construction cost per square foot - $73.26

Tentative schedule:
  Bidding - June 1982
  Completion - January 1983

Tentative financing plan:
  Article XI-F(1) bond proceeds and/or other balances available for auxiliary enterprises $1,025,000

Board Discussion and Action

The Board received the report as presented.
Copies of the "1981 Annual Report on Accreditation Activities in the Oregon State System of Higher Education" were distributed to the Board. A copy is on file in the Board's Office and is considered an integral part of the minutes.

Mr. Weatherford asked whether over-enrollment would affect accreditation by accrediting associations for those schools and departments which are affected. Mrs. Kahananui responded that the relationship of enrollment to the facilities and the size of the program would have an effect on accreditation. It is being resolved in part by decreasing the size of the classes entering professional programs so that there would be an appropriate enrollment for the faculty and the facilities available.

Mrs. Kahananui also mentioned that subsequent to the completion of the report, the School of Business at Portland State University has been notified that the questions raised by the American Assembly of Collegiate Schools of Business have been resolved. The program now has full accreditation for both the undergraduate and graduate programs through 1988.

The staff reports provided to the Board for the May meeting (Items 5-82-19b through 5-82-27b are on file in the Board's Office and will be bound with the permanent minutes as pages 252 to 278.

The Board meeting was adjourned at 4:07 P.M., May 28, 1982.
Staff Report to the Board (5-82-19b)

Through supplements to the professional service agreement applicable to the program for improvements of accessibility for handicapped persons within various buildings at the University of Oregon, Lerch, Bates & Associates, Inc., elevator consultants, were authorized to assist the staff of the institution in the design and contract administration of work relating to the upgrading of the two passenger elevators within University Inn. The proposed modifications would increase the vertical transportation system in the residence hall by enabling both cars to stop at all of the seven floors and to accelerate, decelerate, self-level and stop with the smoothness normally characteristic of such equipment through the replacement of the control mechanism with a newly-developed automatic feedback controller. The work also would include the provision of new operators, locks, safety edges, and electronic protection for doors, new signalling devices, improved call buttons, and a capability for emergency mode operation.

Tentatively, it is expected that the direct construction costs will be about $85,000 and that the total budget requirements will be approximately $110,000. These expenditures would be financed from balances available within the building repair reserve of the residence halls at the University of Oregon and would be charged against the expenditure limitation of $1,415,000 previously approved by the Board and the 1981 Legislature for housing improvements at that institution.

RECAPITULATION UPON COMPLETION OF CONSTRUCTION DOCUMENTS

Project - UO Housing Improvements (University Inn Elevator Modifications)


Board's priority - Portion of No. 14 in 1981-1983 (Auxiliary Enterprises)

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs (this portion only) $110,000

Estimated total direct construction costs (this portion only) $85,000

Tentative schedule:
  Bidding - June 1982
  Completion - September 1982

Tentative financing plan:
  Balances available from the building repair reserve of student residence halls at the University of Oregon $110,000

Staff Report to the Board (5-82-20b)

As noted in a separate agenda item in the report section of the docket for this meeting, Architects Petersen Kolberg & Associates, P.C., Wilsonville, were commissioned to assist in the design and contract administration of two of the remodeling projects which are expected to be accomplished as part of the Hospital and Clinic Rehabilitation and Alterations Projects for which the Board and the 1981 Legislature provided an expenditure authorization in the total amount of $5,480,000.

One of these projects is the proposed alterations to space on the 11th floor of University Hospital South to accommodate the replacement of the computed tomographic scanner. Authorization to seek the approval of the State Emergency Board for the replacement of this equipment was granted by the Board on February 26, 1982. It was acknowledged at that time that the remodeling costs would approximate $270,000. This estimate, including $212,000 for the direct construction costs, has been confirmed following the completion of the schematic design phase of planning. A drawing which reflects the existing
conditions on this portion of the 11th floor and the proposed changes through the construction project is available for review with the Board. Essentially, the project would involve the conversion of two offices, a darkroom and the radiographic room on the west side of the corridor near the south end of the building into space for the new scanner, computer, control and new darkroom, and would modify the space directly across the corridor, where the present scanner is located, into offices, a CT viewing room, patient holding area and would also add a patient toilet room. The area to be remodeled is approximately 1,300 square feet.

The other project work would alter space on the 8th floor of University Hospital South to accommodate the installation of a cardiac catheterization laboratory on the same floor as the coronary care unit and the majority of cardiology inpatients. The components of bi-plane angiography equipment expected to be acquired would be located within the remodeled area along with sufficient work space and appropriate control room, scrub room, portable equipment storage, cine processor and room for patient holding/receiving. Of the estimated costs of $310,000 for these alterations, the amount allocated for direct construction is $237,000. Sketches of the present interior space assignments and those contemplated upon the completion of the proposed remodeling, involving an area of approximately 1,995 square feet, are available for review by the Board.

As noted, all of the estimated expenditure requirements for these two units of work are expected to be financed from proceeds from the self-liquidating bonds which were sold on April 6, 1982, under the provisions of Article XI-F(1) of the Oregon Constitution. No state tax funds would be involved in the project budgets. The debt service requirements for the bonds would be met from patient fee revenues.

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE OF PLANNING

Project - OHSU Hospital and Clinic Rehabilitation and Alterations Projects
(Computed Tomographic Scanner Replacement and Cardiac Catheterization Laboratory Installation)

Architects - Petersen Kolberg & Associates, P.C., Wilsonville

Board's priority - Part of No. 5 in 1981-1983 (Auxiliary Enterprises)

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs (these portions only):

Computed Tomographic Scanner Replacement $270,000
Cardiac Catheterization Laboratory Installation 310,000

Estimated direct construction costs (these portions only):

Computed Tomographic Scanner Replacement $212,000
Cardiac Catheterization Laboratory Installation 237,000

Estimated areas to be remodeled:
Computed Tomographic Scanner Replacement - 1,300 square feet
Cardiac Catheterization Laboratory Installation - 1,995 square feet

Tentative schedules:
Computed Tomographic Scanner Replacement:
Bidding - November 1982
Completion - April 1983

Cardiac Catheterization Laboratory Installation:
Bidding - October 1982
Completion - March 1983

Tentative financing plan:
Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises $580,000
Meeting #489  
Siskiyou Hall  
Remodel, SOSC

On April 23, 1982, when the Board authorized the expenditure of $58,000 from housing reserves at Southern Oregon State College for the purchase and installation of air conditioning units within the study-bedrooms of Siskiyou Hall, including provision for additional electrical service, it was noted that The Amundson Associates, P.C., Architects, were assisting institutional officials in the planning of various other modifications to the building, such as to install an elevator and to remodel the bathrooms so that there would be separate toilet and shower facilities for both sexes on each floor as well as facilities for handicapped persons. This planning is now being completed and institutional officials have proposed that authorization be obtained from the Board and the State Emergency Board so that the remaining work can be undertaken within a budget of approximately $285,000. Of this amount, it is expected that the site development work and direct construction costs will be about $239,083, including an estimate of $15,500 for demolition and other minor items of work that would be accomplished on a force account basis by the staff of the Housing Department. The total area involved in the remodeling project is approximately 23,851 square feet.

In order to finance the alterations, it is proposed that self-liquidating bond borrowings of $275,000 which have been reserved for a portion of the Parking Improvements authorized within the 1979-1981 capital construction program for auxiliary enterprises be used and be supplemented, if necessary, with up to $10,000 of balances available to the institution from its student residence hall operations. (Of the original expenditure authorization of $395,000 for Parking Improvements at Southern Oregon State College through subsection (5)(b) of Section 2 of Chapter 511, Oregon Laws 1979, the Board and the State Emergency Board have authorized the use of $120,000 for the development of the area west of McNeal Hall in close proximity to the new Stadium. Institutional officials have concluded that the proposed remodeling of Siskiyou Hall has a higher priority than any additional parking improvements.)

The objective of the proposed remodeling is to make the 24-year old residence hall more suitable for the accommodation of persons participating in educational conferences on the campus.

The income from such activities is expected to continue to make a major contribution in assisting the Housing Department to meet the annual debt service requirements of the institution.

Temporary Rule Change  
To Amend  
OAR 580-22-030  
for 1982-83

Since the Graduate Teaching Fellows Federation voted against reopening the contract between the union and the University, the salary saving (of approximately 3.2% of the base) which must be achieved from the GTF budget allocation will require implementation of the layoff provisions of the contract (Article 17, Section 7). The administration of the University of Oregon prefers to spread the 3.2% reduction evenly across all GTF’s rather than to lay off 3.2% of the assistants. The main reason is the desire to preserve support for as many graduate students as possible, particularly in a time of potentially dwindling federal support sources (threats of decreasing numbers of Guaranteed Student Loans, etc.). Approximately 25% of the graduate teaching fellows have been offered appointments for the academic year 1982-83 at .15 FTE, the minimum appointment allowed under Board Rules and also the minimum appointment carrying a tuition waiver. (The remainder are appointed for a greater FTE.) In order to achieve the objective of reducing all GTF’s equally, reductions to an FTE of approximately .145 FTE appointment would be required from some GTF’s. Under current rules, this would be inappropriate and would not carry the tuition waiver. Thus, the staff recommends a revision to OAR 580-22-030 be implemented for one year only (1982-83), allowing appointment of graduate assistants at the University of Oregon to be made at no "less than a .14 FTE," such appointments to carry the usual tuition waiver.
Refund of State Restoration Fund Assessment

Staff Report to the Board (5-82-24b)

Senate Bill 981, passed by the second Special Session of the 61st Legislative Assembly, changed the administration of the State Restoration Fund from a standardized formula system to an individual agency's loss experience system. ORS 278.020(3) was amended to allow agency assessments to be based on value, risk of loss, and loss experience. ORS 278.020(4) authorizes suspension of assessments or refunds of prior assessments when the fund reaches an actuarially determined amount sufficient to cover actual and potential losses.

State Restoration Fund assessments for the 1981-1983 Biennium were suspended by the Regular Session of the 1981 Legislature. The State Department of General Services is currently preparing data from which refunds of assessments for the period July 1, 1976, through June 30, 1981, will be made. Assessments paid from the State General Fund and federal funds will be returned to the General Fund. Assessments paid from Other Funds will be returned to the agencies. For the Department of Higher Education, a refund request of $6,299,580, if approved, will return $2,932,485 to the State General Fund and $3,367,085 to the Department. The Other Fund sums to be returned to the Department include $1.52 million associated with Auxiliary Activities, $1.23 million for Education and General Services, and smaller amounts for Statewide Public Service Divisions and service departments.

Disposition of the refund applicable to Education and General Services will be included in a subsequent recommendation. A portion of the refund should be reserved for indirect cost recovery adjustments resulting from the refund. The remainder could be retained for income protection during 1982-83, and if not required for that purpose, to support 1983-1985 expenditures. The decision governing use of the Auxiliary Activities refund is more urgent since plans for use of the funds in 1982-83 are needed now.

The Board's staff recommends that the Auxiliary Activities refund be applied to reduce incidental fee charges to students during the 1982-83 academic year. The $1.52 million expected to be available would reduce incidental fees at each institution by approximately $10 per term. This use is consistent with a plan suggested by the Chancellor at Ways and Means hearings during the 1982 Special Session.

It is recognized that reduction of the incidental fee will apply funds that were generated by all auxiliary activities to reduce tuition for students enrolled in 1982-83. There are good arguments for different methods of returning funds to programs, including returning funds, insofar as possible, to the activity that paid the initial assessment. Residence halls, other student housing, parking, etc., would benefit under other alternatives. But it is also true that students who paid charges or fees covering the initial assessment over a five-year period ending in 1981 will not be the same students who benefit from the refund regardless of the alternative chosen. The use of the refund to reduce incidental fees will spread the benefit to the largest number of recipients.

If the Board adopts the recommendation, the staff will prepare for the June Board meeting a plan to establish 1982-83 tuition and fees at rates which reflect such use of the refund.
Presently the Endowment Fund is divided into three categories for accounting purposes - True, Term, and Quasi. This accounting procedure must continue. For investment purposes two pools are maintained - True and Quasi. Term endowments are included in Quasi investments.

The staff recommendation, which has been endorsed by the Oregon Investment Council by resolution, is to combine the two investment pools into one. It would be necessary then to have only one unit value rather than two. Transfer between funds would be facilitated, when reclassifications are required. Performance evaluation would be simplified as well as the investment function of the investment managers.

The investment objectives of the present two pools are not significantly dissimilar. ORS 33.721 provides merely that the funds should be as productive as possible, subject to the "prudent man" rule. The investment manager has been advised by letter to invest no more than 60% of Quasi-endowment funds in common stock while the True endowment is restricted to 50%. The present IMD's require the True endowment to produce maximum dividend and interest income plus sufficient appreciation to maintain "purchasing power." The Quasi is to increase market value and dividend income and also generate proceeds through capital gains on sale of stock.

Exhibit I displays the impact of combining the funds if it had occurred on November 30, 1981. Also shown are the percentages of bonds (fixed income) and stocks owned in each portfolio. As of March 31, 1982, 80.6% of the common stock owned in the True fund was also owned by the Quasi with 71.4% in the reverse comparison.

The revised investment objective of the combined fund would be to secure a return from interest, dividends and market value change sufficient to meet earnings levels established annually by the Vice Chancellor for Administration and attempt to maintain the purchasing power of the Fund.

Currently all dividend and interest income earned is made available for institutional operation in accordance with donor directions in most instances. Exhibit II illustrates that this policy is contributing to the gradual erosion of the endowment funds. When new cash is deducted from the market values, it can be seen in column four, Section A, that the market value is less on June 30, 1981 than it was June 30, 1973. If our Endowment Fund's market value had kept pace with the Oregon personal income growth factor or the Gross National Product deflator index, the value would have increased to the figures shown in columns five and six of Exhibit II, Section A.

The staff recommends that income available for operations be determined in a manner similar to what many other universities have adopted, as listed in Exhibit III. The IMD has been worded to authorize the Vice Chancellor for Administration to establish annually a percentage to be applied to the five-year moving average of the market value of the endowment funds to determine funds to be made available for operating purposes. It is contemplated that the objective would be to move to a 5% factor but use 7% for 1982-83, 6% for 1983-84, and continue 5% for subsequent years. Section B of Exhibit II shows what the moving average figures were from 1977 through 1981, the income that would have been distributed, if the revised policy were in place, and the estimated distributions for 1983 through 1987.

Any excess interest and dividend income in a year would be placed in a reserve account in the Endowment Fund and would be used to provide funds in years in which current income was insufficient to meet the distribution requirements.
Several years ago Department of Higher Education Administrative Rules required any gift exceeding $10,000 to be placed in the Quasi-endowment fund. This was omitted when Internal Management Directives were segregated, and the policy was incorporated in the Financial Administration Standard Operating Manual with the amount changed to $20,000. Present staff believes that this important policy should be established by the Board in the Internal Management Directives.
### ENDOWMENT FUND

<table>
<thead>
<tr>
<th>Date</th>
<th>True Mkt. Value</th>
<th>True Units</th>
<th>True Unit Value</th>
<th>Quasi Mkt. Value</th>
<th>Quasi Units</th>
<th>Quasi Unit Value</th>
<th>Total Mkt. Value</th>
<th>Total Units</th>
<th>Total Unit Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-30-81</td>
<td>$6,323,996</td>
<td>944,988</td>
<td>$6.692</td>
<td>$9,286,253</td>
<td>1,415,289</td>
<td>$6.561</td>
<td>$15,610,249</td>
<td>2,360,277</td>
<td>$6.614</td>
</tr>
<tr>
<td>Before</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difference</td>
<td>$(74,096)</td>
<td></td>
<td>$0.078</td>
<td>$74,097</td>
<td></td>
<td></td>
<td>$11,839</td>
<td>226,148</td>
<td></td>
</tr>
<tr>
<td>Largest account</td>
<td>$ (8,042)</td>
<td>102,570</td>
<td></td>
<td>$ 11,839</td>
<td>226,148</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Market Value

<table>
<thead>
<tr>
<th></th>
<th>True</th>
<th>Quasi</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-31-82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalent</td>
<td>2.5%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>45.0%</td>
<td>40.1%</td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>52.5%</td>
<td>57.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td></td>
</tr>
</tbody>
</table>

| Common Stock Issues owned | 31 | 35 | 41 |
| Owned in both portfolios | 25 | 25 | 25 |
| Percentage               | 80.6% | 71.4% | 61.0% |

5/14/82
Controller's Office
### Exhibit II

**Market Value**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Added</th>
<th>Cumulative Cash Added</th>
<th>Mkt. Value Less Cash Added</th>
<th>Personal Inc. Growth</th>
<th>GNP Deflator</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 6-30-73</td>
<td>$9,162,785</td>
<td>$285,583</td>
<td>$7,990,022</td>
<td>$10,115,814</td>
<td>$10,042,412</td>
</tr>
<tr>
<td>74</td>
<td>8,275,605</td>
<td>143,639</td>
<td>6,832,966</td>
<td>10,646,384</td>
<td>11,016,526</td>
</tr>
<tr>
<td>75</td>
<td>8,828,962</td>
<td>237,334</td>
<td>6,591,628</td>
<td>11,202,924</td>
<td>11,446,171</td>
</tr>
<tr>
<td>76</td>
<td>9,429,247</td>
<td>1,035,034</td>
<td>8,394,213</td>
<td>12,240,599</td>
<td>12,110,049</td>
</tr>
<tr>
<td>77</td>
<td>10,746,503</td>
<td>2,526,138</td>
<td>8,210,365</td>
<td>13,829,471</td>
<td>13,066,192</td>
</tr>
<tr>
<td>78</td>
<td>11,118,857</td>
<td>826,548</td>
<td>9,294,309</td>
<td>16,386,565</td>
<td>14,111,719</td>
</tr>
<tr>
<td>79</td>
<td>12,408,036</td>
<td>1,036,614</td>
<td>10,371,452</td>
<td>17,648,331</td>
<td>15,381,773</td>
</tr>
<tr>
<td>80</td>
<td>15,086,240</td>
<td>2,502,912</td>
<td>12,583,328</td>
<td>19,019,049</td>
<td>16,643,079</td>
</tr>
<tr>
<td>81</td>
<td>15,334,477</td>
<td>322,103</td>
<td>12,652,374</td>
<td>19,180,152</td>
<td>16,843,079</td>
</tr>
</tbody>
</table>

**Net Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Return</th>
<th>Moving Average</th>
<th>Income @ 5%</th>
<th>Proposed Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. 6-30-74</td>
<td>$505,355</td>
<td>(667,408)</td>
<td>$9,288,620</td>
<td>$980,000</td>
</tr>
<tr>
<td>75</td>
<td>510,531</td>
<td>920,249</td>
<td>$464,431</td>
<td>888,000</td>
</tr>
<tr>
<td>76</td>
<td>523,593</td>
<td>806,544</td>
<td>483,992</td>
<td>770,000</td>
</tr>
<tr>
<td>77</td>
<td>548,309</td>
<td>830,351</td>
<td>525,316</td>
<td>775,000</td>
</tr>
<tr>
<td>78</td>
<td>660,963</td>
<td>206,769</td>
<td>587,889</td>
<td>800,000</td>
</tr>
<tr>
<td>79</td>
<td>783,901</td>
<td>1,036,466</td>
<td>646,941</td>
<td></td>
</tr>
</tbody>
</table>
### INSTITUTIONS WHICH APPLY A SPENDING FORMULA FOR BUDGETING PURPOSES

<table>
<thead>
<tr>
<th>Institution</th>
<th>1980-81 Spending Rate Formula</th>
<th>Change From Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Academy of the New Church</td>
<td>7% increase in income over the previous year. If not earned taken from appreciation.</td>
<td>4½% in 1980</td>
</tr>
<tr>
<td>Alfred University</td>
<td>6% of 3 year moving average of market value.</td>
<td>No change</td>
</tr>
<tr>
<td>American University</td>
<td>A fixed sum was set in 1980 and increased 5% in 1981.</td>
<td>Fixed amount set</td>
</tr>
<tr>
<td>Austin College</td>
<td>6% of market value.</td>
<td>5% in 1980</td>
</tr>
<tr>
<td>Berea College</td>
<td>5.3% of beginning market value.</td>
<td>5% of a 3 year moving average in 1980</td>
</tr>
<tr>
<td>Boston University</td>
<td>5% based on a 5-year moving average.</td>
<td>No change</td>
</tr>
<tr>
<td>Bowdoin College</td>
<td>1979 spending increased 5% annually.</td>
<td>5% of a 5-year moving average of market value in 1980.</td>
</tr>
<tr>
<td>Brown University</td>
<td>4½%-[5½%] of prior year average quarterly market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Bryn Mawr College</td>
<td>Designated amount increased by a specific growth rate.</td>
<td>5% of a 3-year moving average in 1980.</td>
</tr>
<tr>
<td>Bucknell University</td>
<td>5% of 3-year moving average.</td>
<td>No change</td>
</tr>
<tr>
<td>California Institute of Technology</td>
<td>5 3/8% of market value of the pooled endowment portfolio averaged over a prior 3-year period.</td>
<td>No change</td>
</tr>
<tr>
<td>Carleton College</td>
<td>6% of the 5-year average market value of endowment assets computed quarterly set back one year.</td>
<td>No change</td>
</tr>
<tr>
<td>Col College</td>
<td>6% of the average 3-year ending market values after adjusting for subsequent principal additions or withdrawals.</td>
<td>No change</td>
</tr>
<tr>
<td>Institution</td>
<td>1980-81 Spending Rate Formula</td>
<td>Change from Prior Year</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Case Western Reserve</td>
<td>6% of 7/1/79 market value adjusted for additions.</td>
<td>No change</td>
</tr>
<tr>
<td>Claremont Men's College</td>
<td>6% of 2½-year adjusted average market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Clark University</td>
<td>5% of a 20-quarter moving average.</td>
<td>No change</td>
</tr>
<tr>
<td>Colgate University</td>
<td>Endowment income increased at 3% annually until it falls to 5½% of market, then increased at 6%.</td>
<td>No change</td>
</tr>
<tr>
<td>College of William and Mary</td>
<td>5½% of preceding calendar year-end market value.</td>
<td>5% in 1980</td>
</tr>
<tr>
<td>College of Wooster</td>
<td>7% of 12-quarter average market value of total return portfolios.</td>
<td>6.0% in 1980</td>
</tr>
<tr>
<td>Cooper Union</td>
<td>Assumption of a longer term combined total return of 9% and use of 4% for operations.</td>
<td>No change</td>
</tr>
<tr>
<td>Cornell College</td>
<td>6.0% of June 30 market</td>
<td>5.5 in 1980</td>
</tr>
<tr>
<td>Dartmouth College</td>
<td>Spend a specific dollar amount for institution increased by trustee vote over prior year.</td>
<td>*5% of a 3-year quarter average of market value set back one year.  No change in 1980.</td>
</tr>
<tr>
<td>Davidson College</td>
<td>5% of prior 3-year average market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Doane College</td>
<td>5% of the average market value on June 30 of the last 3 years.</td>
<td>No change</td>
</tr>
<tr>
<td>Drew University</td>
<td>5% of the average market value of preceding 3 years.</td>
<td>No change</td>
</tr>
<tr>
<td>Duke University</td>
<td>Spending rate tied to a 8% compounded formula, with 4% of the market objective added to current funds quasi income, if income insufficient the balance taken from realized gain.</td>
<td>No change</td>
</tr>
</tbody>
</table>

*Change in 1980.*
<table>
<thead>
<tr>
<th>Institution</th>
<th>1980-81 Spending Rate Formula</th>
<th>May 28, 1982 Spending Rate Formula Change From Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am College</td>
<td>5% of 12 quarter moving average set back two quarters.</td>
<td>No change</td>
</tr>
<tr>
<td>Eastern Michigan Univ.</td>
<td>10% of the 6/30/80 market value.</td>
<td>N/A</td>
</tr>
<tr>
<td>Franklin and Marshall College</td>
<td>.055 per share income distribution.</td>
<td>.0525 in 1980</td>
</tr>
<tr>
<td>Furman University</td>
<td>5% of market value.</td>
<td>Spent actual yield in 198</td>
</tr>
<tr>
<td>Georgetown University</td>
<td>4% of market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Haverford College</td>
<td>5% of 5-year average market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Indiana University</td>
<td>5% of last 8 quarter's moving average.</td>
<td>No change</td>
</tr>
<tr>
<td>Kenyon College</td>
<td>5% of market value calculated at beginning of fiscal year.</td>
<td>No change</td>
</tr>
<tr>
<td>La-ayette College</td>
<td>5% of unrestricted endowment.</td>
<td>No change</td>
</tr>
<tr>
<td>Lehigh University</td>
<td>Base amount increased 5% annually, adjusted for additions.</td>
<td>Spent actual yield in 198</td>
</tr>
<tr>
<td>Loras College</td>
<td>6% of scholarship funds.</td>
<td>No change</td>
</tr>
<tr>
<td>Marquette University</td>
<td>Withdraw an amount equal to 5% of a 3-year moving average of the total market value at June 30 for the latest three fiscal years, plus current year additions on a timeweighted basis.</td>
<td>No change</td>
</tr>
<tr>
<td>Oberlin College</td>
<td>Increase 8% annually, as long as not above 5.5% of preceding calendar year average market value.</td>
<td>5.4% of 36 month average market value, set back 6 months.</td>
</tr>
<tr>
<td>Occidental College</td>
<td>5% of 3 year moving average.</td>
<td>No change</td>
</tr>
<tr>
<td>Northern University</td>
<td>6% of beginning year market value.</td>
<td>Spent actual yield in 198</td>
</tr>
<tr>
<td>Pomona College</td>
<td>5.5% of 12 quarter average of market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Institution</td>
<td>1980-81 Spending Rate Formula</td>
<td>May 28, 1982 Spending Rate Formula  Change From Prior Year</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>Princeton University</td>
<td>6% increase in net income.</td>
<td>No change</td>
</tr>
<tr>
<td>Reed College</td>
<td>5% of 13-quarter average moving unit value.</td>
<td>No change</td>
</tr>
<tr>
<td>Rensselaer Polytechnic</td>
<td>8% total return formula</td>
<td>Income stabilization plan in 1980.</td>
</tr>
<tr>
<td>Rhode Island School of Design</td>
<td>5% of moving 3-year market value lagged 1 year.</td>
<td>No change</td>
</tr>
<tr>
<td>Saint Mary's College</td>
<td>5% of previous three calendar year-end market values.</td>
<td>No change</td>
</tr>
<tr>
<td>Smith College</td>
<td>6% of the average market value of 12 quarters ending March 31, preceding the start of the next June 30 fiscal year.</td>
<td>5% in 1980</td>
</tr>
<tr>
<td>Spelman College</td>
<td>5% of the average value of the endowment over 12 quarters, but a minimum contribution.</td>
<td>No change</td>
</tr>
<tr>
<td>Stanford University</td>
<td>Target rate of 4.75%, but spending above or below this rate permitted. Currently income is being reinvested.</td>
<td>In 1981 30% of payment based on 4.75% of mark and 70% based on expected growth rate, 25% and 7 respectively was used in 1980</td>
</tr>
<tr>
<td>State University of New York</td>
<td>5% of market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Swarthmore College</td>
<td>5% increase if between 4.5% to 5.25% of market.</td>
<td>No change</td>
</tr>
<tr>
<td>Tufts University</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>University of Chicago</td>
<td>5.0% of moving average market values of six of the last 10 years (adj. for gifts) ending prior to the start of the fiscal year with two highest and the two lowest years excluded from the average.</td>
<td>No change</td>
</tr>
<tr>
<td>Institution</td>
<td>1980-81 Spending Rate Formula</td>
<td>Change From Prior Years</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>University of Maryland</td>
<td>Lesser of dividends and interest received or 5% of 5 year rolling market value.</td>
<td>No change</td>
</tr>
<tr>
<td>University of Miami</td>
<td>5% of prior 3 years average market value.</td>
<td>6% in 1980</td>
</tr>
<tr>
<td>University of Missouri</td>
<td>5% of average quarterly market value.</td>
<td>N/A</td>
</tr>
<tr>
<td>University of North Carolina</td>
<td>Spending adjusted by institutional inflation index, up to a maximum.</td>
<td>Spent actual yield in 19%</td>
</tr>
<tr>
<td>University of Notre Dame</td>
<td>Based on prior years earnings per unit trend.</td>
<td>No change</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>6.7% of 3 year moving average, set back 1 year.</td>
<td>Spent actual yield in 19%</td>
</tr>
<tr>
<td>University of Richmond</td>
<td>5% of 3 year moving average of market value.</td>
<td>No change</td>
</tr>
<tr>
<td>University of Virginia</td>
<td>4% increase in income.</td>
<td>No change</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>5.5% of 5 year average market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Wells College</td>
<td>Spend a fixed amount</td>
<td>Spent actual yield in 19%</td>
</tr>
<tr>
<td>Wentworth Institute of Technology</td>
<td>80% of estimated income</td>
<td>No change</td>
</tr>
<tr>
<td>Wesleyan University</td>
<td>Board approves a dollar reliance figure for support of operations and capital expenditures.</td>
<td>No change</td>
</tr>
<tr>
<td>Wheaton College</td>
<td>5% of beginning market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Whittier College</td>
<td>10% of 36 month unit value moving average.</td>
<td>No change</td>
</tr>
<tr>
<td>Williams College</td>
<td>Since 1975 base, increase amount spendable by 6%, until 1981 and increase by 9% per year.</td>
<td>Increase was 6% in 1980.</td>
</tr>
<tr>
<td>Institution</td>
<td>1980-81 Spending Rate Formula</td>
<td>Change from Prior Years</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Worcester Polytechnic</td>
<td>6% of prior two years average market value.</td>
<td>No change</td>
</tr>
<tr>
<td>Yale University</td>
<td>4.5% of five-year moving average.</td>
<td>No change</td>
</tr>
</tbody>
</table>
6.105 Assignment of Responsibility

(1) Except for arrangements pursuant to Section 6.120, 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.

6.110 Voting Stock Ownership

(1) Except as otherwise provided by law, by direction of the Board or the Committee on Finance, Administration, and Physical Plant, 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.

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

6.115 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 their safekeeping.

(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.

6.120 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 IND 64.082.

6.125 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 assuring effective investments of the Higher Education Bond Building Fund, the Higher Education Bond Sinking Funds and the Current Donation Fund.

6.115 No change.

6.120 Repeal. Included in new section 6.140(5).

6.125 No change.
6.130 Res 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. 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.

6.135 Endowment Fund Investments

(1) The investment objective of Endowment Fund accounts is to secure the maximum current income from dividends and interest consistent with sufficient appreciation in the principal value of the investments to maintain purchasing power and potential future growth of income.

(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.

(4) 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.

(5) 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.
6.135 (continued)

(6) 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.

6.140 Quasi-Endowment Fund Investments

(1) The investment objective of Quasi-Endowment Fund accounts is to increase the market value and dividend income of the investments. Investment proceeds may be generated in part from sales of shares of stocks, with all or part of the capital gains being made available for current expenditures.

(2) 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.

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

(4) 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.

(5) Some Quasi-Endowment gifts or bequests are subject to investment conditions of the donor. The investment programs for such gifts and bequests shall comply with such conditions, consistent with statute and Board policy.
6.140 R See revised 6.140

The investment objective is to secure return from dividends, interest, and market value change sufficient to provide endowment fund participants with annual income equal to a percentage established annually by the Vice-Chancellor for Administration of the 5-year moving average of the market value of the endowment funds and to maintain the purchasing power of the funds as nearly as prudent investment permits. The change in the Oregon personal income index applied to the market value of the funds is used to measure the maintenance of purchasing power.

Dividend and interest income in excess of the amount needed to fund the annual participant requirements specified in 6.140(1) are placed in an endowment fund reserve account and reinvested. Securities may be sold to provide cash equivalent to the income needs, however, the book value of endowments may not be invaded.

The ownership of more than 5% of the securities (equities, bonds, commercial paper) of, or the investment of more than 5% of the market value of the endowment funds in, any one corporation or organization is considered to be imprudent and shall be avoided.

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.
6.140 (Continued)

(5) 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 64.082.)

(6) Any individual donation or gift which equals or exceeds $20,000 in total market value regardless of the type of gift or the accounting periods in which it is received, is designated as a quasi-endowment. Any quasi-endowment account balance which has a market value of less than $20,000, at the discretion of the institution and with prior report to the Board, may be transferred to the Current General Fund or the Current Restricted Fund. Any individual donation or gift of less than $20,000 may be designated as a quasi-endowment fund at the discretion of the institution.

6.141 Accounting

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.
Staff Report to the Board (5-82-28b)

IMD 6.310 through 6.380 were adopted in September 1980. Reference throughout is to "Auxiliary Enterprise" activities. This is not incorrect, but these Directives are addressed primarily to debt service requirements of the self-liquidating facilities within the Auxiliary Enterprise function. It is recommended, therefore, that the more appropriate terminology be inserted where applicable.

In 6.300 there are three categories of construction projects identified. It is proposed that two additional categories be approved - parking and hospital facilities at the Health Sciences University.

Parking at Oregon Health Sciences University serves a somewhat different group of people than it does at other institutions. The general public is the major user at Oregon Health Sciences University whereas other universities and colleges provide parking for faculty, staff, and students. It is recommended, therefore, that the Oregon Health Sciences University parking facilities should not participate in the composite parking interest pool but should maintain their own separate sinking funds.

The hospital is also a unique facility at the Health Sciences University. It should have, and has had in the past, separate accounts for debt service, and it does not participate in any of the composite interest rate pools.

The Board requires the establishment of a two-year debt service reserve, when bonds are allocated to a building project. Past practice, when interest rates varied only moderately, has been to calculate the required reserve using the composite interest rate for the category of facilities. Current rates of interest create a need for inordinately large sums of money for these required reserves. If the facility being allocated the bond funds is a participant in a composite interest rate pool, much of the burden for the initial two-year reserve requirement is transferred from the institution constructing the project to the other members of the pool.

The staff believes this to be an unwarranted imposition and is recommending that the activity responsible for the ongoing debt service be required to furnish all of the initial two-year reserve funds at the interest rate for the bonds allocated. These funds would then be distributed proportionately to all of the pool participants and thus eliminate or reduce the impact of one institution's decisions on other institutions with regard to this one element. If the policy is not changed, the other pool participants are faced with the problem of having to increase user rates one year to establish the two-year required reserve and then decrease rates the following year to the ongoing level.

At one time the Oregon Health Sciences University hospital was considered to be an Education and General financed facility and bonds issued under Article XI-G of the Constitution were utilized when bond borrowings were required. The Legislature has now taken the position that the hospital is a self-supporting and self-liquidating entity. The Directives, therefore, need to be revised to acknowledge this change in philosophy. Consequently, the staff recommends addition of the hospital in appropriate paragraphs of the Internal Management Directives.
Financial Management of Auxiliary Enterprise {Facilities} and Other Self-Liquidating Projects

6.300 Financing Auxiliary Enterprise and Other Self-Liquidating Construction Projects

(1) Auxiliary {activities} enterprise and other self-liquidating construction projects or portions of projects shall be assigned to one of [three] five categories for financing purposes:

(a) Housing facilities, except the residence hall at the Oregon Health Sciences Center University.

(b) Parking facilities, except parking facilities at the Oregon Health Sciences University.

(c) Parking facilities at the Oregon Health Sciences University.

(d) Hospital and clinic facilities at the Oregon Health Sciences University.

(e) Other auxiliary {activities} enterprise facilities, including the residence hall at the Oregon Health Sciences Center University.

(2) Housing, parking, and hospital and clinic facilities projects are expected to be fully self-supporting and self-liquidating, primarily from user fees, gifts, or grants.

(3) Other auxiliary {activities} enterprise projects (such as student health service, student center, recreational and similar facilities) are expected to be fully self-supporting and self-liquidating from revenues, gifts, grants, or building fees.

6.305 Bond Issues for Auxiliary Enterprise {Facilities-Bond-Issues} and Other Self-Liquidating Projects

When authorized pursuant to ORS 351.350 or 351.353 and Article XI-F(1) of the Oregon Constitution, bonds may be issued to finance construction of auxiliary {activities} enterprise and other self-liquidating projects, only if the Board:

(1) Establishes and maintains for bonds so issued a reserve equal to the debt service for the two ensuing years; and

(2) Otherwise conforms to statutory and constitutional requirements.

6.306 Provision for Initial Two-Year Debt Service Reserve

(1) The auxiliary enterprise or other activity responsible for annual debt service shall provide the initial two-year debt service (principal and interest).

(2) The initial two-year debt service shall be calculated to be the actual (uncompossed) amount for principal and interest.

(3) The amount of principal and interest so provided shall be distributed proportionately to all debt service reserves in the same composite interest rate pool.

6.310 Financial Operating Resources for Auxiliary Enterprise {Facilities} and Other Self-Liquidating Projects

(1) Each institution shall maintain separately for housing, parking, and hospital and clinic facilities projects an emergency debt service reserve equal to 25 percent of the current fiscal year debt service requirement.
(2) The building fee, established by the Board pursuant to ORS 351.170, is a Departmental resource, without regard to the institution at which it is collected, and shall be applied primarily for debt service on facilities projects other than those for housing, parking, or hospital and clinics.

(3) Debt service for bonds issued for housing, parking, and hospital and clinic facilities construction projects shall be provided primarily from fees charged to users at the facilities. Operating costs of housing, parking, and hospital and clinic facilities shall be provided from user fees and other income.

(4) Income from investment of excess debt service reserves and building repair and equipment replacement reserves shall be credited to the institution and auxiliary enterprise or other activities having the reserves. Income from investment of required debt service reserves shall be distributed proportionately to those reserves.

(5) Income from investment of bond building funds shall be distributed to the debt service reserves in proportion to the allocation of the building funds to the respective auxiliary enterprise and other self-liquidating project categories. Interest on unallocated building funds shall be placed in the building fee debt service fund.

6.315 Allocation of Debt Service Responsibility for Auxiliary Enterprise [Facilities] and Other Self-Liquidating Projects

Annual debt service on bonds issued for auxiliary [activities-facilities] enterprise or other self-liquidating projects shall be apportioned on the following bases:

(1) Bond interest shall be calculated separately for each of the [three] five categories of facilities.

(2) Responsibility for bond interest and principal payments shall be allocated in accord with the following principles:

(a) Interest and principal payments for debt service on parking facilities shall be the responsibility of the institution at which the facilities are located.

(b) Interest and principal payments for debt service on residence hall facilities at Portland State University shall be the responsibility of Portland State University.

(c) Interest and principal payments for debt service on residence hall facilities at all other institutions except the Oregon Health Sciences [Center] University shall be allocated to each institution in proportion to the average academic year occupancy of its residence halls in the five preceding years to the corresponding average of the six institutions.

(d) Interest and principal payments for debt service on the residence hall at the Oregon Health Sciences [Center] University in excess of amounts available from net operating income shall be provided from [the] building fees.

(e) Interest and principal payments for debt service on other housing facilities shall be the responsibility of the institution at which the other housing facilities are located.

(f) Interest and principal payments for debt service on hospital and clinic facilities at the Oregon Health Sciences University shall be the responsibility of that institution.
Interest and principal payments for debt service on all other auxiliary enterprise facilities shall be provided [by-the] from building fees and other income as identified in the specific construction program.

6.320 Budgeting for Auxiliary Enterprise Activities

(1) Annually, at a time determined by the Vice Chancellor for Administration, each institution shall propose auxiliary enterprise activities budgets conservatively anticipating income from user fees and other sources to provide for all operating expenses and for the establishment and maintenance of required reserves, including the repayment of any outstanding obligations and the elimination of operating overdrafts. If income has been or appears likely to be insufficient for these purposes, the proposed budget shall identify the sources from which needed resources are required to eliminate such deficiencies. The resources shall include an institution's emergency debt service reserves, and unencumbered balances of other auxiliary activities.

Deficiencies in self-supporting auxiliary enterprise activities shall be carried as overdrafts. The institution must request Board approval of a revised budget plan for eliminating overdrafts either for debt service or for operations.

(2) Prior to the beginning of each fiscal year, the Controller, with the assistance of the Vice Chancellor for Facilities Planning, shall present for Board review and approval a budget plan for the utilization of building fee resources, including debt service on all other auxiliary [activities] enterprise facilities.

6.325 Other Uses of Auxiliary Enterprise and Other Self-Liquidating Project Debt Service Funds

(1) Authority is delegated to the Vice Chancellor for Administration and the Vice Chancellor for Facilities Planning, following consultation with the officials of the institution, to transfer excess Article XI-F(1) debt service funds to other funds and accounts for the following purposes:

(a) To finance architectural and/or engineering planning of proposed [capital] construction [projects] for auxiliary enterprise[s] and other self-liquidating projects.

(b) To fund [auxiliary-enterprise-projects-such-as] capital improvements or major repairs of [buildings-, etc-] auxiliary enterprise or other self-liquidating projects.

(c) To purchase new equipment or replace old equipment for auxiliary enterprise[s] or other self-liquidating projects, if sufficient funds are not available in equipment replacement reserves.

(d) To establish or maintain at required levels reserves [for-auxiliary-enterprises], such as building repair reserves and equipment replacement reserves, [at-required-levels] for auxiliary enterprises.

(e) To eliminate overdrafts in other auxiliary enterprise operating accounts of the institution which generate funds for the debt service accounts.

(2) Plans for the usage during the following fiscal year of excess building fee debt service funds for purposes stated in IMD 6.325(1) shall be submitted to the Vice Chancellor for Administration by June 1 so that priorities may be established and approval granted for the use of the funds. Building repair and capital improvement projects costing over $5,000 must also be reviewed and approved in advance by the Vice Chancellor for Facilities Planning.
Auxiliary Enterprise Building Repair and Equipment Replacement

(1) Auxiliary enterprises establish and maintain reserves for the purpose of funding the cost of building repairs and the replacement of equipment. Such reserves are utilized for their stated purpose before the building fee portion of the XI-F(1) Debt Service Fund may become available either by permanent transfer or advance of the funds.

(2) The Building Repair Reserve is normally maintained at not less than one percent and nor more than two percent of building replacement value for each category of auxiliary enterprise except parking, which maintains a one-tenth of one percent reserve. Exceptions to this policy may be granted by the Office of Administration, where age or condition of facilities warrant either a greater or small reserve balance. Deficiencies at fiscal year-end are recovered over the following five years.

(3) Equipment replacement reserve requirements are determined by the cost and life expectancy (usually ten years) of the equipment in each auxiliary enterprise category. At the end of the fiscal year any deficiency in this reserve is scheduled for recovery within the following ten years. No reserve is required when the total value of equipment used in the activity is less than $2,500.

(4) Exceptions to Sections (1) and (3) may be authorized by the Office of Administration where circumstances warrant.
During the February 26, 1982, meeting of the Board, Chancellor Lieuallen and President Laster advised that Congress had appropriated $20,750,000 for facilities for the proposed Institute for Advanced Biomedical Research at the Oregon Health Sciences University. A brief description of the program contemplated for the Institute was provided at that time. Subsequently, on April 23, in recognition of a filing deadline of May 17, the Board authorized the Vice Chancellor for Facilities Planning to submit a formal application to the federal agency to which the appropriation was made so that these funds could be allocated for this purpose and a portion thereof could be available immediately for architectural planning. This authorization was given with the understanding that the application would include a caveat to the effect that the application is subject to appropriate authorizations by the Board and also by the State Emergency Board.

After receiving a draft of the major components of the application, the U. S. Department of Health and Human Services allowed an extension of a week, or until Monday, May 24, for the actual filing of the completed grant proposal.

The document of approximately 270 pages included substantial background information concerning the institution, such as historical and projected data applicable to student enrollments, faculty, curricula for the Schools of Medicine and Dentistry, including graduate and continuing education programs, budget and other financial statistics, listings of memberships of University committees, etc. A complete description of the proposed Institute for Advanced Biomedical Research--its goals and objectives, staffing and facility plans--was included also. It was indicated that when the Institute is fully operational, it is expected that there would be an increase of 29 faculty members who will supply instruction and training experiences in biomedical research. This number would include a director, four lead scientists, twelve senior scientists and twelve other scientists. It was also indicated that income from endowments, income from funds acting as endowments, and/or special long-term gifts in lieu of endowments would provide about $900,000 a year for the basic core support of the Institute. When the facility is fully functioning, it is expected that the investigators will attract $4,000,000 a year in sponsored research projects which would generate indirect cost reimbursements averaging about 30% or more of the direct costs. A statement is included within the application that no state tax funds would be required for support of the Institute.

The physical arrangements contemplate a six-story building containing a gross area of about 65,520 square feet. The structure would be sited at the west edge of the campus near the Library-Auditorium. The conceptual plans for the four upper floors show laboratories and laboratory support space for research in the general field of molecular biology (Membrane Function; Molecular Genetics; Regulation of Growth; Immunology). Each floor would be organized into research units under the direction of a lead or senior scientist. Although each unit is assumed to be independent in terms of research goals and financial support, a large degree of interaction among the various research units would be anticipated and encouraged. Individual laboratory modules would be arranged so that they may be opened up or closed off as needed or desired. Central support services would be accessible from each module and would be separated from public areas and office and conference spaces. The vertical and horizontal utility distribution systems would be organized for maximum flexibility and maintenance access.

Space for building mechanical and electrical equipment has been programmed based upon a determination that the Institute facilities would stand alone, separate from the campus central plants, in order to achieve the greatest energy efficiency. Some redundancy in the systems is planned in order to insure continuity of research in case of power or mechanical failure. Much of the first floor level of the building would be allocated to mechanical and storage space, but there would also be some seminar and conference areas adjacent to the lobby on this floor. The second floor would house the
administrative offices of the Institute, central support activities such as glasswashing, special equipment rooms, temporary animal facilities, etc., all serving the laboratory areas planned for the upper four floors.

Of the estimated total expenditure requirements of $20,790,000 for the facilities, the direct construction costs, including built-in equipment and works of art, are expected to be approximately $17,050,000. The remainder of the budget is needed for professional service fees, movable furnishings and equipment, construction supervision, miscellaneous costs and contingencies.
1981 ANNUAL REPORT ON ACCREDITATION ACTIVITIES
OREGON STATE SYSTEM OF HIGHER EDUCATION

Prepared for the
Oregon State Board of Higher Education
Meeting May 28, 1982
in Mt. Shasta Complex, College Union
Oregon Institute of Technology
Klamath Falls, Oregon

Publication No. 82-005
Office of Academic Affairs
Oregon State System of Higher Education
P. O. Box 3175
Eugene, Oregon 97403

May 28, 1982
Staff Report to the Board

Presented herewith is the second annual report on institutional and program accreditation activities in which the colleges and universities of the State System of Higher Education were involved during the preceding calendar year. These annual reports were requested by the Board at its September 12, 1980 meeting in order that Board might be informed concerning the strengths and weaknesses of the institutions and programs under the jurisdiction of the Board. Accreditation activities include, at various times, submission of self-study reports, site visits, and progress reports addressing deficiencies on problems noted by the accrediting agency in its reviews.

During the 1981 calendar year, 19 different accrediting activities occurred at the following State System institution: University of Oregon; Oregon State University; Portland State University; Western Oregon State College; Southern Oregon State College; Eastern Oregon State College; and Oregon Health Sciences University. There was no accreditation activity during 1981 at Oregon Institute of Technology. These activities are presented in tabular form as an exhibit, pp. 23-26.

A summary of these reviews, by institution, follows.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>1</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>5</td>
</tr>
<tr>
<td>Portland State University</td>
<td>7</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>9</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>11</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>15</td>
</tr>
<tr>
<td>Oregon Health Sciences University</td>
<td>21</td>
</tr>
</tbody>
</table>
1981 accreditation activity at the University of Oregon included the departments of architecture and interior architecture, the department of chemistry, and the college of education.

National Architecture Accrediting Board

During 1981 the department of architecture submitted self-study reports for its professional baccalaureate and master's degree programs in architecture.

Following a site visit (May 1981), the school's basic five-year professional program leading to the bachelor of architecture degree was reaccredited for a three-year period. Options II and III in the master of architecture program were also accredited for the same length of time. Option I, a program for students holding the bachelor of architecture degree who desire one or two years of graduate study, does not require accreditation.

The report of the site visit team notes the following:

The faculty are dedicated and hardworking. Their dedication was apparent in their enthusiastic presentations of their course work and discussions of the programs.

The students are a definite asset and while the numbers are large the diversity is impressive in background and experience.

The program was judged as fully meeting all programmatic criteria. In general, strengths of the program were identified as positive, strong administrative leadership and excellent faculty, students, and curriculum.

Weaknesses cited concerned continuing problems of inadequate space and maintenance of a large and diverse program during a period of declining resources. The visiting team also suggested that effort be made to improve communications both within the school and with the profession.

Foundation for Interior Design Education Research

A program evaluation (self-study) report for reaccreditation of the University's professional undergraduate and graduate programs in interior architecture was submitted to the accrediting body fall, 1981. Final action on these programs is expected in 1982.
Accreditation for the department of chemistry is renewed each five years. The next review period will be in 1983. An interim statistical report providing data on graduates and numbers of students currently enrolled as majors was filed in 1981.

The Commission reviewed for reaccreditation eight programs within the college of education. A site visit of the programs was conducted April 27-29. All programs received reaccreditation. The programs reviewed and the status of each are shown on the following chart. As is customary, TSPC identified standards not fully met and noted interim activities and timing of next evaluations.

The following standards were not met by one or more of the programs:

<table>
<thead>
<tr>
<th>Standard</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program planning and management</td>
<td>supervisor</td>
</tr>
<tr>
<td>Advisory committee organization and operation</td>
<td>supervisor counselor psychologist</td>
</tr>
<tr>
<td>Contingency plans affecting future support and funding</td>
<td>elementary education reading handicapped and severely handicapped learner</td>
</tr>
<tr>
<td>Number of full-time faculty assigned to program</td>
<td>supervisor psychologist</td>
</tr>
<tr>
<td>Development of long- and short-range program plans</td>
<td>supervisor psychologist</td>
</tr>
</tbody>
</table>
### TABLE I
1981 TSPC Recommendations
University of Oregon

<table>
<thead>
<tr>
<th>Standards Not Met</th>
<th>Accreditation Period</th>
<th>Interim Activities</th>
<th>Next Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1(2)</td>
<td>3 years</td>
<td>Planning document by July 1, 1982</td>
<td>Mini-visit by 1983</td>
</tr>
<tr>
<td>1.1(2)</td>
<td>3 years</td>
<td>Planning document by July 1, 1982</td>
<td>Possible extension to 1985-86</td>
</tr>
<tr>
<td>3.2(2)</td>
<td>3 years</td>
<td>Planning document by July 1, 1982</td>
<td>Possible extension to 1985-86</td>
</tr>
<tr>
<td>6.1(2)</td>
<td>3 years</td>
<td>Planning document by July 1, 1982</td>
<td>Possible extension to 1985-86</td>
</tr>
<tr>
<td>1.4</td>
<td>5 years</td>
<td>Contingent on progress report in 1982-83</td>
<td>Mini-visit in 1982-83</td>
</tr>
<tr>
<td>1.4</td>
<td>5 years</td>
<td>None</td>
<td>Full-visit in 1985-86</td>
</tr>
<tr>
<td>None</td>
<td>5 years</td>
<td>None</td>
<td>1985-86</td>
</tr>
<tr>
<td>3 years</td>
<td>Planning document by July 1, 1982</td>
<td>Mini-visit by 1983</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>5 years</td>
<td>None</td>
<td>Possible extension to 1985-86</td>
</tr>
<tr>
<td>None</td>
<td>5 years</td>
<td>None</td>
<td>1985-86</td>
</tr>
<tr>
<td>None</td>
<td>3 years</td>
<td>None</td>
<td>1983-84 in conjunction with secondary programs</td>
</tr>
</tbody>
</table>
Oregon State University had one program accreditation activity in 1981. The American Council of Pharmaceutical Education, following a review of the professional baccalaureate degree program in pharmacy in 1979-80, granted reaccreditation of the program contingent upon submission of a written report addressing the Council's concerns regarding assurance of adequate and stable funding for the program and strengthening of the clinical program. The required progress report was submitted in November 1981. Following this report, the American Council of Pharmaceutical Education, in January 1982, extended program accreditation to 1985.

Aside from a continuing concern about the financial base for the program, the Council report states:

This decision was made with recognition for the several achievements since the last review for purposes of accreditation, particularly the strengthened relationship in the Oregon Health Sciences unit and corresponding development of the Portland-based clinical program; faculty development activities and alterations in the staffing patterns to support programmatic changes; and curricular modifications to assure overall balance.

The Council requested a brief interim report concerning the program budgetary base be submitted by December 1982.
Portland State University experienced several accreditation activities in 1981, including a site visit of the undergraduate program in social work and self study reports and site visits of the civil engineering (reaccreditation) and mechanical engineering (initial accreditation) programs.

The Teacher Standards and Practices Commission evaluated and reaccredited PSU's program in school administration for the preparation of principals and three special education programs: handicapped learner, visually impaired, and speech impaired.

In January 1981, the School of Business requested and received a site visit for accreditation and reaccreditation respectively of its graduate and undergraduate programs. Approval for both programs was delayed for one year. However, the undergraduate program is currently accredited by previous action of the AACSB.

Council on Social Work Education

In June 1980, the School of Social Work completed a self study seeking initial accreditation of its undergraduate program in social work. The Council on Social Work Education, following a site visit on June 1 and 2, 1981, awarded accreditation for three years. A supplementary self study responding to the Council's concern over a teaching assignment by a faculty member without a master's degree in social work, and presenting "any major changes since accreditation with respect to objectives, program organization facilities and outcomes," is required by August 1984.

Satisfactory review of this material can result in an additional four years of accreditation before another site visit is required.

Accreditation Board for Engineering and Technology

The civil engineering program (formerly structural engineering) is currently (May 1982) under review by the Accreditation Board for Engineering and Technology for reaccreditation. The commission is also considering the initial accreditation of the mechanical engineering program. Both programs completed self studies in May 1981 and had site visits by the Engineering Accreditation Commission of the Board in November 1981. The results of the evaluations have not yet been forwarded to the institution. The report on these actions will be presented in the 1982 report.
Teacher Standards and Practices
Commission

Three special education programs were reviewed in 1981. Self-study reports were completed in May with site visits by TSPC in July. As a result of these reviews, accreditation for the basic and standard handicapped learner and basic and standard speech impaired programs was extended to 1986.

Accreditation for the basic and standard visually impaired programs was extended to 1984. The Commission acknowledged the regional service provided by PSU and "the changing conditions in this field," and requested the University "to study the present and projected needs of teachers for the visually impaired and to develop and implement short- and long-range plans for the visually impaired program."

The Commission reaccredited Portland State's school administration program for four years, with the stipulation that there be a satisfactory progress report and a mini visit after two years.

American Assembly of Collegiate Schools of Business

Following the self-study report and site visit, the American Assembly of Collegiate Schools of Business requested Portland State's school of business administration to correct certain "disconformities" as prerequisite to accreditation.

Concerns of the Assembly centered upon adequacy of faculty resources in respect to PSU's extensive evening class schedule and admission standards for classes reserved exclusively for graduate students.

It is anticipated that PSU's response to the AACBS visitation team report, clarifying issues and misunderstandings, submitted January 1982, will answer the Assembly's concerns. AACSB concludes its report to the institution in this vein by stating, "... the deferral recommendation of the initial accreditation committee reflects its belief that your school is making significant progress relative to the standards and can be reasonably expected to remedy remaining concerns and be in full compliance within the next academic year."
The music education program at Western Oregon State College was evaluated in 1980. The accreditation given at that time will not expire until 1990. However, WOSC was asked to submit a progress report in 1981 which would address two concerns:

1. The need to increase the percentage of music offerings in the K-9 and K-12 curricula so that music studies in the music education programs do not fall below the recommended standard of 50% of the total curriculum.

2. The need for a plan to regularize instrument maintenance and repair.

In response to the former concern, WOSC has revised its curriculum in music education to provide a total of 92 credit hours in music studies. This increase falls just short of 50% of the hours required for a degree, however, WOSC anticipates that it will satisfy the review committee. Revisions of general education requirements for the baccalaureate degree, now under review, may provide opportunity to bring the music education curriculum fully in line with this recommendation.

In respect to the issue of music instrument maintenance, WOSC has increased practice room fees in order to provide funds to maintain all instruments in proper condition.

Elementary, secondary, and educational specialists programs at Western Oregon State College were accredited by TSPC in 1977 for five years. The next accreditation review is scheduled for 1982. A self study report in preparation for the 1982 site visit was completed in 1981. Results of the 1982 evaluation will be presented to the Board in the 1982 report.
Introduction

Southern Oregon State College participated in two significant accreditation activities during 1981: the department of education prepared and submitted a comprehensive self-study report to the TSPC (12/81), and the associate degree program in nursing was reviewed and subsequently reaccredited by both the State Board of Nursing and the National League for Nursing. The next review for this program will occur in 1989.

Teacher Standards and Practices Commission

The self-study document produced by Southern Oregon State College described educational programs of the College originally developed in 1978 by the steering committee of the Southern Oregon Education Consortium, as modified in 1980 to meet TSPC recommendations.

The self study assumes that the department of education has complied with all TSPC standards and regulations for both basic and advanced teacher education programs. It comments laudably on the standards established by TSPC, while noting the costly expenditure of time, money, and personnel required to complete the study.

The study recommends briefer report requirements and fewer members on the visiting teams.

A site visit to review these programs was conducted February 28-March 3, 1982. The results of the visit have not yet been received.

State Board of Nursing

The State Board of Nursing visited SOSC on December 1, 2, and 3, 1981. The visit was combined with a review of a previously forwarded self-study report. Included in the Board evaluation were the following areas of interest:

a. Organization and administration.

b. Philosophy, objectives, and curriculum.

c. Nursing faculty.

d. Records and reports.
e. Facilities and services.
f. Standards for accreditation.

Following an evaluation of submitted material and the site visit, the visiting team recommended that "the Oregon State Board of Nursing accredit this program in that all requirements of the Administrative Rules are met."

National League for Nursing

The National League for Nursing site visit occurred in conjunction with that of the State Board of Nursing. It should be noted that requirements of the State Board do not compare with the more rigorous standards of the National League for Nursing. The League too granted continuing accreditation to the associate degree program in nursing; however, its Letter of Reaccreditation, received January 1982, articulated some concerns:

1. Budget reductions, if continued, may seriously impact the program.
2. Nursing salaries lag behind those of other faculty.
3. Nursing faculty carry a workload of 40 hours annually compared to 36 among non-nursing faculty.
4. The nursing skills lab has no regularly scheduled hours, is not open evenings, and receives heavy utilization by both A.D. and baccalaureate students during peak hours.
5. There are no clinical evaluation tools which will describe expected skills in measurable terms, especially in the unsequenced second year. There are no guidelines to establish what constitutes a grade of "S" or "U" in the clinical area.
6. The implementation of the conceptual framework in a L.E.G.'s based curriculum was not always evident.

LEGs: Learning Experience Guides for Nursing Students. The four-volume study guide integrates the theoretical knowledge required to utilize the nursing process and to meet the program objectives. The content is presented in a spiral manner which provides the beginning student with opportunities for broad exposure to the field of nursing. The objectives and learning activities in each volume are organized according to components of care and are leveled to provide increasing depth and breadth of scope. Information is added to previous learning from a new perspective as the content moves from level to level.
Areas of strength as noted by the National League of Nursing included:

1. A highly qualified and hard working nurse administrator.
2. Strong support from top administration and general education areas.
3. Excellent clinical facilities.
4. Highly motivated students.
5. A nursing faculty who are strongly committed to the programs and to the execution of their responsibilities as faculty.
6. A community that readily hires the graduates of the program.
7. A well-organized, concise and descriptive self study.

The next visit for reaccreditation should occur in the fall of 1989. The concerns expressed do not require specific action and SOSC has not had time to respond to specific recommendations.
Eastern Oregon State College is fully accredited by the regional accrediting association, the Northwest Association of Schools and Colleges, until 1988. The 1978 evaluation committee expressed itself as highly impressed with the institution's response to the challenge of stabilizing enrollments, increased student service, and revised curriculum. However, the committee indicated some nine areas of concern and requested an interim report on these issues in 1981.

The interim report, summarized below, describes those institutional efforts to meet needs of a largely rural service area inaugurated after the 1978 evaluation as well as responding to the concerns of the 1978 evaluation committee.

Continuing Education
Regional Programs

The report notes that a 1978 grant from the Fund for the Improvement of Post-Secondary Education (FIPSE) provided the spring board for increased regional activities and opportunities to respond to educational needs of fairly isolated eastern Oregon citizens.

Six regional offices established by means of this grant provide conduits for evaluating and responding to indigenous educational interests. These offices, established within already functioning institutions in their service areas and assisted by local resources, provide:

a. access to the EOSC library
b. access to a Career Information System terminal
c. leadership in education and training needs assessment
d. continuing education classes
e. workshops
f. access to WOSC and EOSC taped classes
g. assistance in portfolio development for credit or prior learning experience

The regional offices are located in Baker, John Day, Ontario, Pendleton, Hermiston, and Enterprise.
Regional Services Institute

After describing the network of regional offices set up under the FIPSE grant, the report continues with a description of Eastern Oregon State College's impact on the people, businesses, and communities in the College's service area through the Regional Services Institute.

Describing the Institute, the report states:

The Regional Services Institute was organized in the Spring of 1978 through re-deployment of institutional resources. Complete enabling legislation and a base-funding support for the Institute was approved by the Oregon Legislature on July 20, 1979. (This is particularly significant in that it is the first time that a base of funding from the State General Fund has been provided to the state colleges for something other than instructionally related activities.)

The purpose of the Institute is to provide a comprehensive and cohesive vehicle to ensure community and economic development in rural eastern Oregon. The Institute is designed to utilize those special resources that exist in eastern Oregon, and in particular on campus, and to serve directly or in a brokerage relationship to other agencies and institutions to bring their expertise to bear on identified eastern Oregon problems and concerns. The range of activities and acceptance of the new delivery system, focused on service, has far exceeded expectations. Resources have been located, faculty members have been utilized, and private citizens have been involved in solving unique eastern Oregon problems.

Examples of Regional Services Institute projects include in the Interim Report are:

a. Northeast Oregon Wastewood Utilization Marketing Project. This project, funded by EOSC, Federal and State agencies, participating counties, local units, as well as private industry, has made a positive impact on the economy of the region. As a direct result of this project, sixty-one new jobs have been created and it has taken less than six months to recoup the entire public expenditure of this program. Two new mills, an export connection with Japan, and local markets have been developed.

b. Twenty-seven businesses will have been assisted by business faculty and students as part of a management and counseling assistance to small business.

c. EOSC operates the Oregon Alcohol Fuels Clearinghouse which has, to date, disseminated information on the production of alcohol fuels to over 2,000 individuals. A series of very successful, intensive one-week workshops were organized and conducted for 80 area farmers, government officials, businessmen, and extension agents. EOSC is currently constructing
a trailer-mounted, farm-scale distillation system to be used for demonstration and applied research throughout this region.

d. RSI has assisted faculty and student research on the wheat seed wireworm—a potentially serious problem impacting wheat and potato crops.

e. EOSC has been designated as an affiliate data center as part of the State Census Data Center Program.

f. EOSC has been designated as the mine safety training institution for the State and RSI is currently in the process of setting up a mine safety and health training program.

g. The College also runs a water and chemical testing facility utilizing faculty members, students and staff in Biology and Chemistry. Water testing is done on a regular basis for 30 municipal water systems.

Response to Concerns
Expressed by 1978 Evaluation Committee

The Report addresses the concerns of the 1978 evaluation committee as follows:

1. Communication between administration and faculty/staff must be enhanced and regularized and major changes held to a minimum for an extended period.

   A great effort has been put into increasing communication. The President spends a period of time at each Assembly meeting updating faculty, staff and students on the state of the institution. Question and answer discussions usually follow. EOSC's unique College governance (Assembly) structure has also matured—increasing the flow of communications in both directions.

   It has been pointed out to the Evaluation Committee that the spirit of their first recommendation fails to reflect adequately the state of transition existing at Eastern Oregon State College. The general re-direction of resource and re-evaluation of regional mission certainly made communication temporarily more difficult.

2. Urgently needed facilities should be sought, and current buildings remodeled or reassigned to more appropriate use.

   Facilities are being built, remodeled or reassigned as fast as time and funds will allow.

3. Programs and course offerings throughout the College need to be reviewed and justified in the light of the role EOSC contemplates playing.
Major emphasis is being placed on getting the College away from a "large university" multi-option curriculum model to a more appropriate small college curriculum model.

Although not completely in place in every unit, a new system for the deployment and development of faculty effort is in process of implementation. Under this plan, each faculty member will, through discussions with the Dean of the School, develop a short-term (2 years) staffing plan. This plan will identify instructional loads on- and off-campus, committee loads, advising loads, as well as research and public service loads. Each faculty member will also work out a long-range faculty development plan. Because of our new mission, some faculty members find themselves involved in coordinating programs, doing extensive amounts of research and public service while others find themselves with a more traditional role.

4. Housing for students, especially married students, will need continuing attention and realistic replacement.

Housing of students raises problems difficult to respond to without funds to support construction and renovation activities. State law requires housing facilities to be self supporting.

5. The public relations program needs to be focused, staffed, integrated, and vigorous recruiting must be undertaken if enrollment is to be maintained or increased.

Public relations, Eastern Oregon State College suggests, is the continuing responsibility of all staff members. Currently EOSC is at its highest level of enrollment and retention in its history (enrollment up 11% over last year). Admissions for Fall 1981 is up 22%.

6. Counseling and Advising students needs to be given priority if students are to be retained and directed efficiently.

Academic advising and counseling has produced noted success in retention rates. The changing mission of the institution coupled with a broader admissions program is underlined by a developing and equally agressive support system. The HEW sponsored Special Services Grant has provided specific funds and staff to address the high percentage of entering students requiring special assistance in basic skills--reading, writing, and mathematics.

7. Every effort needs to be made to recruit key teachers who will provide continuity in current programs and stability for future ones.
8. The cost of new programs (nursing) and extended older ones (continuing education) need to be determined and prepared for.

The cost of the nursing program impacts only marginally on EOSC. The program is operated and staffed by OHSU. Continuing Education pays for itself.

9. Specific practical ways of becoming a model regional college need to be developed and implemented.

This recommendation is addressed in some detail earlier in this report.

Teacher Standards and Practices Commission

Undergraduate and graduate programs in elementary and secondary education were approved in July 1980 for five years. However, continued approval of the graduate program was contingent on a satisfactory progress report addressing concerns of the Commission in respect to program procedures and governance to be submitted November 1981. The report was submitted on schedule, and was followed by a one-day site visit in December. Approval of the graduate programs in education was forwarded to the institution by TSPC in January 1982.
Accreditation activities at the Oregon Health Sciences University during the 1981 calendar year included reviews of the residency program in clinical pathology, the predoctoral internship training program in medical psychology, the master's degree/certificate program in oral pathology, and a residency program in oral and maxillofacial surgery.

Liaison Committee on Graduate Medical Education, American Medical Association

In 1981 the department of clinical pathology sought accreditation for an integrated pathology residency program, utilizing facilities of the Health Sciences University, Good Samaritan Hospital and Medical Center, and the Portland U.S. Veterans Administration Hospital. The integrated program will increase from 8 to 12 the number of residencies in pathology. The self-study report was completed during 1981. Site visit on the program occurred January 25, 1982. Action on the department's request is not known at this time, and will be included in the 1982 accreditation report.

Education and Training Committee, American Psychological Association

The predoctoral internship training program offered by the department of medical psychology received an reaccreditation site visit in 1980. Accreditation was affirmed. The program provides opportunity for four interns to study and perform the duties of a psychologist in training. The accreditation report comments that the interns enrolled in this program are carefully selected and of a high quality. The faculty were found to demonstrate a high level of professional competence. It was noted that all are productive as researchers as well as being recognized as teachers. Particular mention was made of the breadth and quality of seminars and special presentations which were described as "impressive." Problems noted were the large proportion of the faculty on "soft" money, limitations on the department's ability to recruit younger faculty members with real expectation of promotion, and lack of satisfactory office space to interns.

American Dental Association

Accreditation of the University's graduate program in oral pathology was withdrawn in 1971 solely for the lack of students. Over the past several years, the Dental School has strengthened its staff and facilities in this area. Applications for admission to the program have led to a request for its reactivation. The program is a three-year program, leading to the MS/Graduate Certificate in Oral Pathology, offered in cooperation with the
department of pathology of the School of Medicine. After review of the self-study report and subsequent site visit in December of 1981, the American Dental Association granted:

"Accreditation Eligible" status of the Advanced Oral Pathology Program contingent upon: a) an increase in the number of autopsies which will be performed by each resident, and b) the projected experience in surgical pathology be increased by expanding the duration of rotations (length of internships) and by utilizing an additional affiliated teaching hospital with more active services, or heavier patient caseload.

The School of Dentistry also received full approval of its residency program in oral and maxillofacial surgery. The program had been operating under "conditional approval" pending submission of a satisfactory progress report on deficiencies noted in a review of the school's 1981 annual survey report. The problems identified concerned the number of oral and maxillofacial surgery outpatients and ambulatory patients requiring general anesthetic seen by the department.

The program is limited to one entering student a year.
### EXHIBIT

**SUMMARY OF 1981 ACCREDITATION ACTIVITIES**

<table>
<thead>
<tr>
<th>Name of Accrediting Agency</th>
<th>Program Assessed</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>School of Architecture and Allied Arts</td>
<td>Bachelor of Architecture</td>
<td>Self-study report.</td>
</tr>
<tr>
<td>Foundation for Interior Design Education and Research</td>
<td>Bachelor of Interior Architecture</td>
<td>Self-study report.</td>
</tr>
<tr>
<td>College of Arts and Sciences</td>
<td>Master of Architecture</td>
<td></td>
</tr>
<tr>
<td>American Chemical Society</td>
<td>BA, BS in Chemistry</td>
<td>Interim statistical report.</td>
</tr>
<tr>
<td>College of Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon Teacher Standards and Practices Commission</td>
<td>Elementary Education</td>
<td>Site visit.</td>
</tr>
<tr>
<td></td>
<td>Handicapped Learner</td>
<td>Accreditation extended to 8/84.</td>
</tr>
<tr>
<td></td>
<td>Severely Handicapped Learner</td>
<td>Accreditation extended to 8/86.</td>
</tr>
<tr>
<td></td>
<td>Reading</td>
<td>Accreditation extended to 8/86.</td>
</tr>
<tr>
<td></td>
<td>Counselor</td>
<td>Accreditation extended to 8/84.</td>
</tr>
<tr>
<td></td>
<td>Psychologist</td>
<td>with possible extension to 8/86.</td>
</tr>
<tr>
<td></td>
<td>Supervisor</td>
<td>Accreditation extended to 8/86.</td>
</tr>
<tr>
<td></td>
<td>Speech Handicapped</td>
<td>with possible extension to 8/86.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accreditation extended to 8/84.</td>
</tr>
<tr>
<td>Name of Accrediting Agency</td>
<td>Program Assessed</td>
<td>Activity</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>-------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Council on Social Work Education</td>
<td>BA/BS in Social Work</td>
<td>Site visit.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Initial accreditation approved to 10/84.</td>
</tr>
<tr>
<td>Engineering Accreditation Commission</td>
<td>BA/BS in Civil Engineering</td>
<td>Self study.</td>
</tr>
<tr>
<td></td>
<td>BA/BS in Mechanical Engineering</td>
<td>Site visit.</td>
</tr>
<tr>
<td>Oregon Teacher Standards and Practices Commission</td>
<td>Handicapped Learner</td>
<td>Self study.</td>
</tr>
<tr>
<td></td>
<td>Visually Impaired</td>
<td>Site visit.</td>
</tr>
<tr>
<td></td>
<td>Speech Impaired</td>
<td></td>
</tr>
<tr>
<td></td>
<td>School Administration</td>
<td>Accreditation extended to 10/85.</td>
</tr>
<tr>
<td>American Assembly of Collegiate Schools of Business</td>
<td>BA/BS in Business Administration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(reaccreditation)</td>
<td>Accreditation extended to 10/84.</td>
</tr>
<tr>
<td></td>
<td>Master of Business Administration</td>
<td>Accreditation extended to 10/86.</td>
</tr>
<tr>
<td></td>
<td>(initial accreditation)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Master of Taxation (initial accreditation)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accreditation deferred one year.</td>
</tr>
</tbody>
</table>
WESTERN OREGON STATE COLLEGE
K-9 and K-12 Undergraduate Curricula in Music Education
Master of Music Education
Elementary Education
Secondary Education
Educational Specialist Program.

SOUTHERN OREGON STATE COLLEGE
Associate Degree, Nursing
Teacher Education

EASTERN OREGON STATE COLLEGE
Institution as a whole
Graduate Teacher Education

Institution's interim report completed 4/81.

Progress report.
Self study.
Accreditation extended to 1989.
Self study.
Progress report.
Site visit.
<table>
<thead>
<tr>
<th>Name of Accrediting Agency</th>
<th>Program Assessed</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liaison Committee on Graduate Medical Education, American Medical Association</td>
<td>Integrated Pathology Residency Program, School of Medicine</td>
<td>Self study.</td>
</tr>
<tr>
<td>Education and Training Committee, American Psychological Association</td>
<td>Internship Program in Medical Psychology, School of Medicine</td>
<td>Self study. Accreditation extended to 1985.</td>
</tr>
<tr>
<td>Commission on Dental Accreditation, American Dental Association</td>
<td>Dental specialty program in Oral Pathology, School of Dentistry</td>
<td>Self study. Site visit. &quot;Accreditation eligible&quot; status granted.</td>
</tr>
</tbody>
</table>
Response to ECC Budget Analysis
by R. E. Lieuallen
May 28, 1982

At your April meeting you directed us to prepare a response to the analysis made by the Educational Coordinating Commission of our 1982-83 budget request.

We divided the task of preparing the requested response among three of the Board's Office staff, Vice Chancellors Lemman and Kahananui and myself.

Clarethel will comment on sections I, II, and VII. Bill will speak to sections III, IV, V, and VI. My remarks will focus primarily on some of the larger issues which emerged in the Executive Summary and the Introduction.

These larger issues are:

1. First, the negative tone and content of the analysis.

In remarks made in Corvallis recently, and in other recent public statements, I have criticized the tone and content of analyses of our budget and Emergency Board requests made by both the Legislative Fiscal Office and the staff of the Educational Coordinating Commission.

I have contended that the inflammatory and pejorative language used in those analyses, and the unfortunate juxtaposition of some
factual data, tend to generate hostile reactions from legislators, the media, and the general public.

I repeat that contention today.

2. Second, urging the Board to do what it already is doing.

On page i of the Executive Summary, the analysis states that the Board "cannot delay restructuring the system in the hope of getting more dollars in the future." The inference is clear that "restructuring," which, in the recent language of legislators and the ECC, means program reductions and elimination, has not begun.

Actually, the Board has reduced or eliminated more than 50 programs and has sharply reduced administrative costs.

The Commission, however, unfortunately conveys the impression that the Board has not even begun what it describes as "restructuring."

It suggests, near the bottom of page i three "areas . . . where Oregon could begin: Teacher education, minimum size programs, and planning based on core missions."

To imply that the Board has taken no actions on these three
topics is to ignore extensive discussion and repeated actions by the Board. Teacher education programs have been eliminated and mission statements have been revised. The size of programs has been one of the important factors considered when programs were reduced or eliminated.

It is clear that the issue is not that the Board has taken no action in these important areas but that the Commission doesn't agree with what the Board has done.

3. Third, making biased judgments rather than objective analyses.

The Commission alleges, on page iii of the Executive Summary, that "the State System has been reluctant to move with decisiveness and vigor on raising those standards (of admission) that might be expected."

Reluctant to move with decisiveness and vigor? This is pejorative language.

Expected by whom?

The Commission analysis continues, "One reason for this lack of decisiveness and vigor appears to be a fear of the consequences of lost revenues."
Appears to whom?

In the first draft of the Commission analysis, the staff wrote, on page 47:

The Department of Higher Education has been largely successful in determining its own size, free from public policy limitations and subject only to fund shortage. The State System has sought the largest possible enrollment for reasons more apparently related to resource acquisition than to clearly conceived mission of public service. The lowest student ability defensible has constituted an admission "standard." Retention and grading standards are similarly low. Now, having spread the State's resources too thinly, Higher Education has fulfilled its own prophecy that there will be too little money.

This clearly constitutes a series of allegations based on subjective bias, not on facts.

When we objected to the language and described it as an "insulting" paragraph, the staff changed it to the language now appearing on page 45. The original draft, however, already had been distributed to the Commission members.

The revised paragraph continues to include a substantial amount of biased subjectivity when reasoned objectivity should be sought.

4. Fourth, alleging that the Board is dealing only with short-term issues.
On page 8, the analysis states that "The Board of Higher Education continued a short-term strategy in the 1982-83 budget proposal."

The inference is that the Board has done nothing in its planning for 1982-83 to deal with long-term fiscal and program issues.

I repeat, the Board has reduced or eliminated more than 50 programs. These are permanent, long-term reductions. The dollar consequences of these actions, along with accompanying reductions in administrative costs, is estimated to be a reduction in costs for the 1983-1985 biennium of approximately $20 million. These reductions continue in future biennia.

The issue is not whether the Board has employed a short-term or a long-term strategy. Clearly it has employed both.

The issue properly should be whether the System is relying too heavily on the short-term strategy of preserving needed programs and services in the hope that the State's resources will permit their long-term preservation.

The Board's tilt has been in the direction of the preservation of programs and services. This tilt has been influenced by the fact that, for decades, the Department of Higher Education has minimized
program and institutional proliferation. No unnecessary or expensive program duplication has been permitted.

Evidence to support this contention is abundant.

Since 1909, Oregon's colleges and universities have functioned under program restraints. The Board of Higher Curricula from 1909 to 1929, and the Board of Higher Education since that time, have limited program proliferation. Since 1929 only two institutions have been added to the System, OIT and PSU, both at legislative initiative.

The System of Higher Education already was lean in its program offerings when the current fiscal pinch began. The further pruning of programs has diminished educational opportunity for Oregonians.

That further pruning has been made necessary by fiscal circumstances.

The recent further decline in Oregon's revenue estimates makes clear to me that the System would have more flexibility in 1982-83 if larger permanent budget and program reductions had been made. But that is hindsight.

In the Introduction to its analysis, the Commission states, in its opening paragraph,
The essential difference that the Oregon Educational Coordinating Commission has with the Board of Higher Education's proposed 1982-83 budget is grounded in contradictory views of the potential revenue prospects and the future of the State System of Higher Education.

And then this concluding sentence:

The Commission reaffirms its position that the State's revenue crisis will have long-term effects on the level of support for Higher Education in Oregon.

The clear implication is that the Board has a contrary position!

Nonsense!

Of course the State's revenue crisis will have long-term effects! We've repeatedly acknowledged that position.

It is inaccurate and damaging to the credibility of the Board for the Commission to continue to allege that the Board is ignoring the long-term.

5. Fifth, deciding whether the legislative budget notes were followed by the Board of Higher Education.

The Commission's Introduction concludes with four pages listing 13 excerpts from the legislative budget notes, accompanied
in each case by the Commission's view of the Board's response and the Commission's assessment of that response.

In several instances, the OECC assessment suggests that the Board did not follow legislative intent.

It is true that Board actions did not precisely follow what, in most instances, were legislative suggestions. In most instances, the Board did follow those suggestions.

Lest one who reads the analysis concludes that failure to follow precisely the suggestions in budget notes constitutes Board insensitivity to budget notes, the reader should know that, during the Subcommittee hearings, the Subcommittee chairman repeatedly stated the understanding that program decisions remained with the Board and that budget notes constitute a form of communication between the Subcommittee and the Board.

In other words, budget notes are not legislative directives. They are legislative advisories.

The Board has treated them in that fashion and has, in most instances, followed the directions in which they have pointed.

Furthermore, lest one who reads the analysis concludes that
the budget notes are limited to suggestions which are critical of the Board's stewardship of the Department, one should also read the prologue to the budget notes.

6. Regarding the role played by the Commission.

I have long been a supporter of the need for coordination among the several segments of education in Oregon. I was a member of the old Coordinating Council. That Council, and now the Commission, have done and can do an effective job of providing inter-segmental coordination.

In my view, the 1975 legislation, which changed the name of the Council to Commission, was intended to strengthen the Commission's inter-segmental coordinating role. Repeated reference is made in the statutes to the "statewide" role of the Commission.

The Commission and its staff, and the Ways and Means Committee, however, have interpreted the statutes to give the Commission intrasegmental responsibilities. This interpretation has resulted in the Commission second-guessing the Board of Higher Education on many policy, program, and budget issues which clearly are the legal responsibility of the Board of Higher Education.

Let me illustrate.
In its analysis of our 1982-83 budget request, the Commission commented extensively on matters having no inter-segmental significance, such as the Architecture and Landscape Architecture program at OSU, intercollegiate athletics at the state colleges and OIT, the perceived need to consolidate teacher education programs within the System, core missions of the System's eight institutions, and others.

The point is not that the Commission and its staff were doing something not suggested by the Legislature. Recent budget notes actually request this kind of review.

The point of these illustrations is that they all concern areas of responsibility legally assigned to the Board of Higher Education and having no inter-segmental impact. The Legislature should not be asking the Commission for such an intra-segmental analysis.

Permitting a duplicatory bureaucracy to be established which either is given, or is perceived to have been given, the responsibility to monitor and second-guess the judgments of the body having the legal responsibility is not good government! At its best, it represents costly duplication of function! At its worst, it generates controversy and produces controversy and hostility.

If either the Governor or the Legislature determines that the
Board is not doing a satisfactory job, appropriate remedies are available.

In summary, the structure we have created, and the way its responsibilities have been interpreted, have led to inevitable and intolerable duplication of roles and to conflict between the Commission and the Board. That conflict, often in the public arena, has undermined the credibility of the Board and has generated hostility among what should be higher education's strong advocates.

The Commission's role should be limited to the inter-segmental role.

Clarethel and Bill will lead you through the seven sections of the analysis with occasional reference to the Appendix.
Chapter I of the Oregon Coordinating Commission staff report recommends that the Board of Higher Education begin immediately the restructuring of Oregon higher education starting with teacher education, minimum size programs, and development of core missions for the System and the institutions.

A system of higher education based on allocation of curricular responsibilities is, of course, what the Board has been about ever since it was established by action of the 1929 Legislature.

Teacher education, the grouping of students into economically-sized instructional units, and the development of mission statements directing the development of the institutions within a coordinated system have been among the most important of the Board's considerations for more than 50 years.

During the 1970's, the Board completed a series of reviews directed at the need for continuation, modification, or discontinuation of existing programs in (1) elementary and secondary teacher education, (2) graduate programs awarding a small number of degrees each year, (3) business administration, and (4) graduate programs which appeared to be duplicatory. At its February 27, 1981 meeting, the Board instructed the institutions to begin a comprehensive review of programs for reduction or elimination should this action be necessary or advisable.
By ignoring the Board's long history of curricular management, and by analyses grounded upon sometimes incomplete, sometimes misunderstood, and sometimes inappropriate data, the Commission report gives the impression that the Board either has ignored or been unwilling or unable to fulfill its curricular responsibilities.

Let us examine the Commission presentation with respect to these major areas of concern.

**Teacher Education**

The Board has reviewed the structure of teacher education in Oregon many times over the years. In 1932, a Board study resulted in delineation of responsibility for different areas of teacher education, with elementary education assigned to the regional colleges, and secondary education assigned to the universities. In the mid-1950's, a nationwide teacher shortage prompted another Board study of teacher education resources and needs which resulted in new assignments of responsibility. A study in 1969-70, addressing a nationwide oversupply of teachers, resulted in large planned enrollment reductions in teacher education continuing through the 1970's. These reductions were accompanied by substantial increases in admissions and retention standards and improvements in the teacher education curriculum which brought national recognition. At the direction of the Board, we now are undertaking a major study of teacher education programs in the Mid-Willamette Valley, aimed at coordinating teacher education activities and achieving greater program complementarity. In this study,
various alternatives, including the options proposed by the Commis-
sion, will be considered, and it is expected that out of it emerge a
plan for teacher education within the Mid-Willamette Valley for
consideration by the Board at its October 1982 meeting.

Commission Report

The Commission report makes three major assertions concerning
teacher education in the State System:

1. Reductions in production accomplished by program reductions
   for 1982-83, approved in December 1981 and March 1982, are
   only a dent in the total production.

2. The outlook for the employment of teacher education gradu-
   ates is bleak; therefore additional major reductions in the
   number of teachers prepared are imperative.

3. Continuation of schools of education at three Willamette
   Valley institutions (Oregon State University, Western Oregon
   State College, and the University of Oregon) can no longer
   be justified.

The Commission views concerning programs of education in the
Willamette Valley schools will be addressed, as already mentioned, in
the study being prepared for Board consideration in October. The
first two observations of the Commission need comment.
The Commission report includes a table (Table 1-2, Appendix) summarizing proposed program and enrollment reductions in teacher education to go into effect in 1982-83. The table is inaccurate in detail. The point being made, that reductions in teacher education graduates resulting from the December and March program reductions do not make more than a "dent" in the total production of teachers, is accurate. Production of teachers has been cut by more than half over the past 10 years. The big dent has already been made. Moreover, Oregon is a net importer of teachers; and unless the State intends to become an even greater one, thereby denying opportunities to its own citizens to prepare for careers in teaching, future dents in production of teachers must be very selective:

1. Since 1970-71, production of elementary teachers in State System institutions has dropped from 1,508 to 613, a decrease of 59.3%; production of secondary teachers has dropped from 1,663 to 720, a decrease of 56.7%. The decrease has been continuing. Production in 1979-80 as compared with 1978-79 dropped 18.9% in elementary education and 11.2% in secondary education. Further decreases are expected in production figures for 1980-81, now being compiled.
2. Areas of continued overproduction are addressed in program reductions effective 1982-83. OSU will reduce enrollment in physical education by 40% over a three-year period. Definite targets for reductions in this field have not been set at the other institutions, but commitments to lessen production have been made and the numbers of faculty reduced. Reductions also will be made in the other fields in which there is some overproduction of teachers, i.e., health, art, and social studies.

Employment Outlook for Teacher Education Graduates

Table 1-4 in the Commission report projects the employment of teachers in the next few years through the use of teacher supply and demand ratios (number of teacher education graduates/number of new beginning teachers hired as of September 30).

The Board's Office abandoned the use of this kind of analysis five years ago because it omits two important categories of employment:

1. Beginning teachers hired after September 30. During the 1980-81 school year, 37% of all newly certificated teachers employed were hired after September 30, 1980.

2. Beginning teachers employed by private schools or out-of-state.
Teacher placement studies carried out each year by the Board's Office, public and independent teacher preparation institutions of the state, Teacher Standards and Practices Commission, and the State Department of Education provide reliable and comprehensive data about the placement of Oregon teacher education graduates. A graphic summary of this data for the past four years is shown in Figure 1, p. 19. These studies continue to show:

- an over-supply of teachers in art, health education, physical education, and possibly social studies.

- a serious shortage of teachers in mathematics and the vocational teaching fields.

- a balance of supply and demand in elementary education and all other fields.

- an unemployment rate for graduates of Oregon teacher education programs one year after graduation of less than 2%.

- 60% of graduates employed as regular teachers. Another 20% employed in a school assignment other than full-time teaching.

It well might be that demand for new teachers will continue to diminish. It is important that the institutions and the Board's
Figure 1

ACTIVITIES OF CERTIFICATED OSSHE TEACHER EDUCATION GRADUATES IN THE YEAR FOLLOWING GRADUATION, 1976-77 THROUGH 1979-80

# NUMBERS AND ACTIVITIES OF CERTIFICATED OSSHE TEACHER EDUCATION GRADUATES, 1976-77 THROUGH 1979-80

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL CERTIFICATED</td>
<td>1,558</td>
<td>1,589</td>
<td>1,567</td>
<td>1,333</td>
</tr>
<tr>
<td>Employed as Teachers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>During Following Year</td>
<td>979</td>
<td>929</td>
<td>987</td>
<td>810</td>
</tr>
<tr>
<td>Other School Assignment</td>
<td>380</td>
<td>337</td>
<td>314</td>
<td>278</td>
</tr>
<tr>
<td>Other Full-Time</td>
<td>114</td>
<td>218</td>
<td>160</td>
<td>147</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Activities*</td>
<td>53</td>
<td>69</td>
<td>78</td>
<td>73</td>
</tr>
<tr>
<td>Unemployed</td>
<td>32</td>
<td>36</td>
<td>28</td>
<td>25</td>
</tr>
</tbody>
</table>

*Full-time study, homemaking, military service.

**SOURCE:** Placement Reports of Teacher Education Graduates for 1976-77 through 1979-80, Office of Academic Affairs, Oregon State System of Higher Education.
Office continue to monitor actual placement data, as over the years they have, so that teacher education programs may be responsive to changing student and societal needs.

Minimum Size Programs

The second suggestion of the Commission staff concerns the use of minimum program size to trigger program review.

Although there are several problems with the Commission staff analysis, program size is a useful trigger for review and was so used in 1976, when the Board reviewed all master's programs which over the previous five years had conferred, on the average, three or fewer degrees annually and all doctoral programs conferring on the average one or fewer degrees yearly over the same period—39 in all. As a result of this review, 5 programs were terminated; 4 continued on a conditional basis; 10 consolidated into two single programs; and 19 continued.

Nearly all the programs on the Commission's list of minimum-sized graduate programs, and some not on the list, were a part of the 1976 review of low degree-conferral programs or subsequent reviews of (1) graduate programs which appear to be duplicatory, and (2) standard endorsement programs in teacher education.

The Board has not reviewed low degree-conferral baccalaureate programs, and probably this should be done, if only to illuminate
the purpose of liberal arts instruction in colleges and universities. Lists showing numbers of upper-division majors, or degrees granted, reveal little about upper-division enrollment in the liberal arts. Generally, these enrollments consist, in varying proportions, of persons preparing to teach the subject, non-teaching majors, and majors in other fields of study completing work in the liberal arts as general education. The Commission observation on "the vulnerability" of the state colleges to a review of minimum-size programs reflects a failure to correct the data to include students preparing to teach. Numbers of majors at the University of Oregon, Portland State University, and to some extent Oregon State University, include students preparing to teach in the secondary schools. These students are reported as secondary education majors at the three colleges.

**Planning for Core Missions**

Core missions were assigned and major restructuring of Oregon higher education achieved in 1932. Modifications were made over the years, most important, in 1941 and 1942, the restoration of science to the University of Oregon and business administration to Oregon State. Portland State College became the sixth four-year institution in the System by action of the 1955 Legislature. A seventh institution, Oregon Technical Institute, was transferred to the Board of Higher Education from the Department of Education by action of the 1959 Legislature. The missions of the System, and the institutions, were reviewed in 1962 and in 1973. Since that time, new comprehensive mission statements have been developed for the regional
colleges, Oregon Institute of Technology, Portland State University, and Western Oregon State College. The objectives of the System are again under review, with a revised statement to come before the Board's Committee on Instruction later this year.

**Other Possible Program Reductions**

This section in the OECC report suggests that savings might be realized through having medical and dental students taught some basic science courses together. Some combining of medical and dental instruction in the basic sciences has been considered from time to time, but on each occasion careful examination of the different instructional needs of the students has led to the conclusion that the changes considered were not practical. The Commission's suggestion in this regard is based upon a staff analysis that shows 27 FTE dental school faculty teaching basic science courses. The numbers in fact are 18.30 in 1981-82 and 17.05 in 1982-83. The reduction in faculty for 1982-83 is made possible by reductions in enrollment in the entering classes in dentistry and dental hygiene, effective 1982-83.
The Commission report concerning remedial writing and mathematics has been modified greatly since a first draft version was considered by the Commission March 9, 1982. Unfortunately, it has been this first draft that has attracted the attention of reporters and editorial writers.

Our concerns with this chapter have been threefold:

1. an exaggeration of the amount of remedial instruction needed by students entering four-year colleges and universities by the inclusion of collegiate entry level courses in the Commission tabulations;

2. staff calculations which resulted in grossly inflated estimates of the extent and cost of remedial instruction in the State System; and

3. the allegation that the State System is changing numbers of remedial courses in order to continue to collect state general fund support.

The Commission staff in revised versions of the report has recognized that enrollment in remedial and entry level courses falls off sharply after the fall term and that salary costs for this level of instruction are relatively modest. Effort has also been made to
soften staff allegations concerning identification of remedial courses. In respect to changing numbers, it is true that the State System has changed the numbers of some courses, but not for the reason charged.

Under the course numbering system used by the institutions of the State System since 1932, remedial and basic skill courses are identified with numbers 0 through 49. Credit for courses so identified is not applicable toward completion of requirements for the baccalaureate degree. Effective in 1982-83, the numbering system is being changed so that courses numbered below 100 will not be accepted toward the baccalaureate degree. This change, which was first requested by the Oregon community colleges, will provide a more easily remembered identification of courses not acceptable toward the baccalaureate degree and a larger bracket of numbers for non-transfer liberal arts courses offered by the community colleges. This will help eliminate abuse of the 199 transfer number.

In preparation for this change, curriculum committees and responsible faculties of the State System institutions were asked to review the course content of courses presently numbered 50-99, all of which are presently accepted toward the baccalaureate degree, and other courses which might properly be numbered in the new 0-99 bracket, so that all courses would be properly identified under the revised numbering system.
As the result of these reviews, remedial instruction in writing which has been offered under the number Wr 120 will be offered in 1982-83 as Wr 40 or 49. Similarly, instruction in intermediate algebra, the first-term entry level course for students who have not completed two years of high school algebra, will be identified by those institutions presently using the number 95 with the number 100. Approximately one-half of the girls and one-third of the boys coming into the four-year colleges and universities have completed less than two years of high school algebra. These students begin their college studies in mathematics with a one-term course in intermediate algebra. Students whose SAT scores indicate need for remedial work in basic mathematics are assigned into appropriate remedial classes.

Beginning in 1982-83 all remedial courses in mathematics and writing will be properly identified with numbers below 100, and, except for courses offered at Eastern Oregon State College to serve students from its seven-county area not served by community colleges, will be offered on a self-support basis at extra fee.

Studies are now underway concerning the feasibility of requiring two years of high school algebra for admission to State System institutions. If such a requirement were applied in the future, intermediate algebra would become a remedial course. Implementation of the requirement would require careful coordination with the high schools, who would need time to make necessary staffing adjustments.
A first step in this direction would be greater success on the part of colleges and universities in overcoming the present serious nationwide shortage of mathematics and science teachers.
The section on intercollegiate athletics is a reasonably accurate representation of the factual information and decisions of the Board with respect to the continuing use of General Fund support of intercollegiate athletics at the three colleges and Oregon Institute of Technology.

One paragraph cites a survey conducted by the Center for the Study of Higher Education at Pennsylvania State University as the source of the conclusion that a majority of college and university administrators believe "that funds for athletics should be the first cut when budget reductions are necessary" and that the elimination of general fund support for athletics is a national problem. Our conversations with the staff of the Center at Penn State reveal that administrators were asked to rank fourteen areas which might be reduced if fewer resources were to be available in the next decade. The question was thus more in the form of a "negative priority list" than a question of where cuts would be made first under every circumstance.

The report suggests that the Emergency Board consider three alternatives—(1) substitution of club sports for intercollegiate athletics; (2) a substitution of profit-making sports, funds from booster groups, or increases in incidental fees (all three of which are described as "not very realistic" or "unlikely"); and (3) to approve the alternative selected by the Board to continue General Fund support in 1982-83.
This section of the report points out that Oregon salaries lag behind national and western averages, that Oregon salaries are expected to lose ground to comparison institutions in 1981-1983, that the salaries at State System colleges are slightly more competitive than those at State System universities, and that we face serious potential losses of faculty in such high demand fields as engineering, computer science, basic science, and business. The report presents no new information. In the appendix, average compensation is compared with national averages for 1980-81; average salaries are compared with national data for 1981-82; salaries and compensation are compared with community colleges and independent colleges for 1981-82; and comparisons are shown between the growth in salaries and the Consumer Price Index from 1967 to 1981-82. Some of the comparisons use AAUP data and some use data from the National Center for Educational Statistics. Again, no new information not available to the Board earlier is presented.
Remembering that the legislative directive to the Commission was to "...prepare an analysis of the educational issues contained in the 1982-83 budget plan," this section offers a curious amalgam of observations about enrollments in 1980-81, forecasts for 1982-83 and 1984-85; the unevenness of enrollment reductions among the institutions; and the varying rates of reductions among such categories of students as lower division, nonresident, and graduate. The principal issue identified is how staffing balance can be maintained during a period of enrollment reductions and shifts. Although many persons have urged the Board to move further from so-called FTE driven budgets and though the report correctly observes that the 1982-83 budget represents a significant departure, two of the three alternatives suggested return to a staffing ratio or enrollment driven method of resource allocation.

In another part of this section, the report discussed implications for 1983 and beyond if enrollment shifts from four-year institutions to community colleges increase. Surely this shift presents a policy issue which will face the 1983 Legislative Assembly, but its relationship to the 1982-83 budget is somewhat obscure.

A second question raised as a long-term enrollment policy issue is whether the University of Oregon can maintain its breadth of program offerings and staff if its enrollment declines to 12,200, and whether Portland State University can maintain its role as both a
comprehensive university and an institution serving an urban commu-
nity if its FTE enrollment drops to 7,500. The report also ques-
tions whether Oregon can afford seven colleges and universities
"with an enrollment reduction approaching 20% over the next two
biennia." (Our data, by the way, do not suggest this to be the
case. One would have to begin with 1980-81 and go through 1986-87
to reach a 20% number.) It is instructive to note that at the time
PSU was made a degree-granting institution in 1955, the total State
System enrollment (eight institutions) was less than 20,000 three-
term FTE. It was 1963 before the System reached 30,000 students and
1967 before it enrolled 40,000 three-term FTE students. The UO had
12,600 students in 1967 and PSU had 7,600 in the same year. Although
it is unlikely that each would maintain the existing staff at those
levels of enrollment, it is clear that they could and would continue
to fulfill the same general mission.

The tables in the appendix accompanying this section of the
report are disquieting. In the draft document, Table 4-1 displayed
the budgeted academic and classified positions at the four univer-
sities for each year between 1974-75 and 1981-82. The numbers are
correct and the percentage change--an increase of 13.7% over that
period of time--is also correct. The accompanying narrative, how-
ever, stated that "budgeted state university academic positions have
grown by 13.7% since 1974-75, while three-term FTE enrollments have
remained relatively constant." We pointed out that the table in-
cluded both academic and classified positions, and that there were
substantial reasons unrelated to enrollment that caused the increase
in staff. We pointed out that the numbers of positions were substantially increased as the result of accounting changes recommended by the State Auditor and concurred in by the Executive Department and Legislative Fiscal Office; that about 46 positions were transferred from English Language Institutes which were formerly budgeted separately; that the number included the phase-in of the veterinary medicine program at Oregon State University and substantial numbers of employes to operate new buildings. It was also noted that indirect cost recoveries increased 150% from approximately $5,000,000 to almost $13,000,000 during the period and that this resulted in a substantial increase in positions. None of these, of course, are related to enrollment.

The staff found it possible to correct the narrative to indicate that classified positions as well as academic staff were in the numbers displayed in the table but chose to retain the statement which coupled the increase in staff to relatively constant enrollments. All the explanations recited above were placed in footnotes below the table. Thus a person who read the narrative, but did not plow through the table and the footnotes, was left with this erroneous impression. Indeed, legislators reflected this interpretation in questions posed at the hearings on the 1982-83 budget.

Other tables in this section are similarly flawed by an apparent lack of understanding of the nuances of State System budgeting and accounting practices.
In this section of the report, the Commission reviews the series of actions taken by the Governor, the Legislature, and the Board increasing tuition over the levels which prevailed in 1980-81. The report notes that the difference between tuition in community colleges and State System institutions is growing and is expected to be in excess of $800 in 1982-83 ($600 vs. $1,400 for instruction and required fees). The report further points out that the $147 annual surcharge is approximately 3% of the estimated cost of attending college away from home—including the cost of room and board, books, personal expenses, tuition, etc.

The report emphasizes that Oregon public university tuition ranked first among western states and eleventh nationally in 1981-82, and estimates for 1982-83 suggest that we will not lose our first place standing. Among public colleges, Oregon institutions rank first in the western states and seventh nationally. These rankings refer to resident undergraduate tuition. Our universities rank first among western states and seventh nationally with respect to resident graduate fees, third among western states and sixth nationally with respect to nonresident undergraduate fees, and fifth in the west and eighteenth nationally with respect to nonresident graduate fees.

The report continues by commenting on the surcharge issue and asserts that the Emergency Board might consider continuing the
surcharge in 1982-83, eliminating the surcharge from lower division students, eliminating the surcharge from all students, or eliminating the surcharge from students at the colleges only. With respect to these last three alternatives, the Commission suggests that the lost revenue would be offset either by budget reductions or Emergency Board allocation of General Funds.

The report poses the question: Would eliminating the surcharge sufficiently increase enrollment to compensate for the lost revenue? The arithmetic is fairly simple. About 38,000 students pay the surcharge to produce approximately $5.6 million. About 5,800 additional full-time resident undergraduates would be needed to produce the equivalent revenue. Need the question have been asked?

Virtually all of the issues raised in the Commission's report with respect to tuition are topics for discussion in the Board docket item regarding tuition policy.
It strains the imagination to find a suitable adjective to describe the quality of analysis in this chapter, although "appalling" comes to mind. In such a brief review as this, detailed response to each of the numerous errors in fact as well as to every instance wherein data appears to have been deliberately misused is impossible. But the record in respect to admissions criteria and standards for grading and retention needs to be set straight.

Admission Criteria

State System admission criteria are established by the Board after careful study, the development of public documents describing the Board's assumptions and proposed requirements, and review in public hearings. The criteria reflect the judgment of the public and of lay Board members who represent the public. Admission criteria are thus a matter of public policy. To criticize the policy is certainly legitimate; but to misrepresent the policy, as the Commission report does, suggests at best superficial understanding of the history of admissions policy in the State System and of the role of the Board in setting and implementing admissions criteria.

Prior to 1958, only a high school diploma was required to enter any State System institution; but since that year, minimum standards based on high school grades and/or standardized test scores have
been set and changed in keeping with institutional missions, enrollment or program limitations, and academic preparation expected of entering students.

Requirements effective Fall term 1982 are at an all time high and represent a quarter-point to half-point increase in the current GPA standards. Standardized test scores are required of all entering freshmen for guidance and placement and are used as an alternative to the GPA requirement. In addition, a satisfactory score on the Test of Standard Written English is required to enter the University of Oregon and Oregon State University; and at Southern Oregon State College, students with low TSWE scores must agree to take remedial English at their own cost as they enroll as a regular student. Although not required, academic preparatory courses are strongly recommended through a brochure used throughout the state in counseling college-able youth.

A comparison of Oregon admission requirements with those of public four-year institutions in other states, Appendix A to this report, shows that admission standards in Oregon are higher than those of state four-year institutions in many states and have been raised when others have remained the same or have been lowered.

The Commission report's conclusion, that "while state universities in general are beginning to tighten admission requirements, Oregon's have more slack than most to take up" simply is not true.
Academic Profile of Entering Students

Appendix B presents the academic profile of students entering State System institutions and outlines validity studies of predictors of academic success used in review of State System admission requirements.

National means for the more frequently used admission standards at state colleges and universities, as reported in Appendix A, are:

<table>
<thead>
<tr>
<th>National Mean Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school gpa 2.00</td>
</tr>
<tr>
<td>SAT (Verbal + Mathematics) 740</td>
</tr>
<tr>
<td>Class rank upper 60%</td>
</tr>
</tbody>
</table>

How do students admitted to Oregon institutions compare?

The mean GPA's of students who actually enrolled fall term 1981 in State System institutions were substantially higher than the national required mean and higher than the minimum requirements of the institutions (UO-3.19, OSU-3.29, PSU-3.03, WOSC-3.04, SOSC-2.95, EOSC-3.02, and OIT-2.90).

SAT scores? Figure 2, p. 40, shows SAT-Verbal and SAT-Mathematics scores of students completing these tests, 1975 through 1981,
Figure 2

SAT-V AND SAT-M MEANS
OSSHE, OREGON, AND NATIONAL COMPARED
CLASSES OF 1975-1981

for State System schools, all of Oregon, and the nation. Students planning to attend State System institutions fall term 1981 achieved a mean SAT-Verbal score of 437 and a mean SAT-Mathematics score of 482. This gives an approximate SAT (V+M) mean of 919, well above the 740 national requirement.

Course patterns reported as completed by these students better the national means, shown in Appendix A, in every area except foreign language. For example, the national mean requirement/recommendation in mathematics is 2.1 years. The 1981 prospective State System students reported a mean of 3.3 years.

And, although Oregon does not use class rank in admissions, 98% of the class of 1981 were in the upper 60% of their respective classes.

This is not the freshman class described in the Commission report.

University Retention Requirements and Grade Distributions

Beneath deceptively simple frequency distributions of university grade data lie a number of interpretive traps into which an unsuspecting analyst might fall. Unsuspecting or not, the Commission appears to have fallen into several such traps, thereby making
possible the confident assertion that grade distribution data of the three State System universities provide evidence of "the third conspicuously weak leg of a shaky academic performance structure."

While it may not be possible or reasonable to establish a "standard" grade distribution for universities, it is possible to compare Oregon universities with other universities. A limited comparison with available data is shown in Figure 3. With the exception of Portland State University, grade distributions for Oregon universities show generally the same pattern as those at the comparison universities. Although more comparison data are needed, Oregon universities do not appear to be different than public universities in other states—and certainly not "conspicuously weak" by comparison.

The analysis of retention standards is equally poor. We have present at this meeting officers of the three universities most knowledgeable about the retention and grading standards and practices of their institutions. We would like for them to have an opportunity to respond to the Commission allegations. They are Vice President Orcilia Forbes, PSU; Dean of Undergraduate Studies Judy Kuipers, OSU; and Associate Provost Gerry Moseley and Admissions Director Jim Buch, UO. Each has a brief prepared statement and all are ready to respond to questions addressing the serious charges made by the Commission concerning academic quality of their students and institutions.
GRADE DISTRIBUTION IN OREGON PUBLIC UNIVERSITIES AND IN SELECTED OUT-OF-STATE PUBLIC UNIVERSITIES*

*Includes undergraduate and graduate student grades, except at Kent State University for which only undergraduate grades were reported.

SOURCES: Institution Grade Reports.
In 1979, all colleges and universities in the nation were surveyed regarding their admissions policies, practices, and procedures. Of the respondents, 333 were identified as public four-year colleges or universities with which State System institutions can be compared. Table I, page A-3, presents these comparisons together with a discussion of the more important areas of concern.

Access. Of the national group, 20% admit all who apply or who are high school graduates. Most (70%), including State System institutions, admit a majority of those who meet specified minimum standards in addition to the high school diploma. Only 10% limit enrollment among those who meet specified minimum standards, which is the case for some impacted programs in State System institutions.

High School Grades. Most of the institutions surveyed (43%) use high school grades in determining admission, with 2.0 being the mean GPA below which students are not regularly admitted. All State System institutions use the high school GPA as the major standard in determining admissions and, except for seven non-community college counties served by EOSC, all are at a minimal level a quarter to three-quarters of a point higher than the 2.0 average nationally (2.25 at OIT, 2.50 at EOSC, SOSC, WOSC, and PSU; 2.75 at UO and OSU). The GPA means of students who actually enrolled Fall term 1981 at the various institutions were substantially higher than the national average and the minimum requirements [UO-3.19, OSU-3.29, PSU-3.03, WOSC-3.04, SOSC-2.95, EOSC-3.02, and OIT-2.90 (see Table II, page B-2)].

Test Scores. Next to high school grades, test scores (SAT or ACT) were most often used in determining admissions (39% of the schools), with a mean SAT (V+M) average of 740 among those using the test. Scores on either the SAT or ACT are used as an alternative to the GPA requirement in all State System institutions. Although the actual system-wide mean SAT average is not known for students who have enrolled, the Class of 1981 Prospective Student report for all State System institutions revealed a mean SAT-Verbal score of 437 and a mean SAT-Math score of 482 which yields an approximate SAT (V+M) mean of 919, well above the 740 national average.

While only 4% of the national group considered test scores the most important factor in admissions decisions, 64% did indicate that test scores were used in practically all admissions decisions to some degree, 20% use tests as an alternative to some other standard, and 67% use tests for guidance and placement. In the State System, UO, OSU, and SOSC require a minimum score of 30 on the Test of Standard Written English (part of the SAT) or the English portion of the ACT in addition to the GPA requirement, all the institutions use test scores as an alternative to the GPA requirement, and all use the tests in guidance and placement.
Course Patterns. Considered the single most important factor in admission decisions by only 1% of the public four-year colleges nationally, and single most or very important factor by 25% of the group, the pattern of high school subjects completed did not appear to be a relied upon means of determining admission. Of those who require or recommend course patterns, 56% identified English (3.7 mean years), 51% indicated Mathematics (2.1 mean years), 36% listed Physical Science (1.2 mean years), 41% indicated Biological Science (1.1 mean years), 45% listed Social Studies (2.0 mean years), and only 15% identified Foreign Language (2.0 mean years).

State System institutions require no course pattern beyond the unit requirements for a high school diploma in Oregon (English 3 years, Mathematics 1 year, Science 1 year, Social Studies 2.5 years, other specified areas 3.5 years, and electives 9 years), but do recommend English 4 years, Mathematics 3 years, Science 2 years, Social Studies 3 years, and Foreign Language 2 years (for Bachelor of Arts candidates). Although the course pattern preparation is not known system-wide for enrolling students, the Class of 1981 Prospective Student report for the System indicates that most students who intend to enroll better the national required/recommended pattern in mean years in every area but foreign language.

Anticipated Changes. In the national survey, institutions were asked to indicate if they anticipated any change, upward or downward, in admission requirements or standards between the survey year (1979) and the mid-1980's. Of the national group, 20% anticipated they would be less selective and 15% expected they would be more selective; State System institutions have already become more selective. In requiring or recommending college preparatory courses, 7% indicated they would be lowered and 22% expected they would be higher; State System institutions have already intensified course pattern recommendations. Regarding high school grades and class rank, 10% indicated they would be lower and 16% felt they would be higher; State System GPA requirements have already been raised. Likewise regarding test scores, 14% expected them to be lower and 17% expected them to be higher. They have already been raised in the State System.
TABLE I
ADMISSIONS POLICIES, PRACTICES, AND PROCEDURES IN
STATE SYSTEM COLLEGES AND UNIVERSITIES COMPARED WITH 333 PUBLIC
FOUR-YEAR INSTITUTIONS AS REPORTED IN THE COLLEGE BOARD/AACRAO STUDY

<table>
<thead>
<tr>
<th>ACCESS</th>
<th>CB/AACRAO</th>
<th>OSSHE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admit all who apply or all high school graduates</td>
<td>20% yes</td>
<td>no</td>
</tr>
<tr>
<td>Admit majority who meet specified minimum beyond high school graduation</td>
<td>70% yes</td>
<td>yes</td>
</tr>
<tr>
<td>Admit limited number of those meeting specified minimum beyond high school graduation</td>
<td>10% yes</td>
<td>some in impacted programs</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MINIMUM STANDARDS FOR ADMISSION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High School GPA</strong></td>
<td></td>
</tr>
<tr>
<td>Mean required</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SAT (V+M)</strong></td>
<td>39% use</td>
</tr>
<tr>
<td>Mean Required</td>
<td>740</td>
</tr>
<tr>
<td></td>
<td>below 2.75 = 890</td>
</tr>
<tr>
<td></td>
<td>(Note: Class of 1981 OSSHE prospective students had</td>
</tr>
<tr>
<td></td>
<td>Mean V-437, Mean M-482; thus assumed SAT (V+M) of 919.)</td>
</tr>
</tbody>
</table>

| ACT Composite | 30% use | all as an alternative; UO, OSU, SOSC use ACT-English (12 minimum) |
| Mean required | 16.2 | below 2.75 = 20 |
| | above 2.75 = predictive formula |

| Class Rank | 33% use | not used |
| Mean percentile required | upper 60% | (Note: of the Class of 1981 OSSHE Prospective Students, 98% were in the upper 60%) |
### USE OF TEST SCORES

- **Used in practically all admissions decisions**: 64% yes
- **Used as an alternative**: 20% yes
- **Used for guidance and placement**: 67% yes
- **Considered single most important factor**: 4%
- **Considered single most or very important factor**: 63%
- **Required of all applicants**: 61%

### COURSE PATTERNS

<table>
<thead>
<tr>
<th>Subject</th>
<th>CB/AACRAO</th>
<th>OSSHE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oregon HS Graduation Requirements</td>
<td>Recommended Class 1981</td>
</tr>
<tr>
<td></td>
<td>CB/AACRAO</td>
<td>OSSHE</td>
</tr>
<tr>
<td></td>
<td>Oregon HS Graduation Requirements</td>
<td>Recommended Class 1981</td>
</tr>
<tr>
<td>English</td>
<td>56%</td>
<td>UO, OSU, SOSC for low TSWE all use</td>
</tr>
<tr>
<td>Mean years</td>
<td>3.7</td>
<td>3</td>
</tr>
<tr>
<td>Math</td>
<td>51%</td>
<td>2.1</td>
</tr>
<tr>
<td>Physical Science</td>
<td>35%</td>
<td>1.2</td>
</tr>
<tr>
<td>Biological Science</td>
<td>41%</td>
<td>1.1</td>
</tr>
<tr>
<td>Social Studies</td>
<td>45%</td>
<td>2.0</td>
</tr>
<tr>
<td>Foreign Language</td>
<td>15%</td>
<td>2.0</td>
</tr>
</tbody>
</table>
### CHANGES IN ADMISSIONS BY MID-1980'S

<table>
<thead>
<tr>
<th></th>
<th>CB/AACRAO (1979 base year)</th>
<th>OSSHE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LOWER</td>
<td>SAME</td>
</tr>
<tr>
<td>General Selectivity</td>
<td>20%</td>
<td>75%</td>
</tr>
<tr>
<td>High School Course Pattern</td>
<td>7</td>
<td>71</td>
</tr>
<tr>
<td>High School GPA or Class Rank</td>
<td>10</td>
<td>74</td>
</tr>
<tr>
<td>Test Scores</td>
<td>14</td>
<td>69</td>
</tr>
</tbody>
</table>


---

**Apr**

OHSR-OSSHE

5/12/82
APPENDIX B

ACADEMIC PROFILES OF ENTERING STUDENTS

The GPA's and test scores of entering students are viewed annually to assess their academic preparation as represented by these measures. Overall, students entering State System institutions appear to have bettered minimum expectations, with many surpassing those minimums by far.

High School Grades. The high school GPA's of entering students are tabulated each year to provide a profile of the class. A consolidation of the data system-wide for the entering class of 1981 is presented in Table II, p. B-2. The distribution shows that most students who enter have met or exceed minimum standards (3.15 mean GPA). The small percentage of low GPA students includes those who are admitted within the 5% exception policy. Relatively high GPA's in college preparatory courses for the most part (as demonstrated in the self-reporting of academic courses completed) would indicate that students entering State System colleges and universities should be able to pursue collegiate academic work.

Differences among institutional profiles are, as would be expected, skewed higher at the universities than at the colleges reflecting the differences in minimum entry level. Table III, p. B-3, shows the means by institution as they have been reported annually since 1973. Variance year to year and over the reported period appears insignificant. Not ascertainable in the table is the quality of GPA's as reported, but it is believed that grade inflation bottomed-out in the late seventies and more recent grades are representative of tougher standards in the high schools.

Test Scores. Entering freshmen are required to submit standardized test scores (SAT or ACT) as part of the admissions process. Figure 2, presented earlier in this document in the response to Chapter VII, shows graphically how the SAT-Verbal and SAT-Mathematics mean scores of college bound seniors (nationally, Oregon, and State System) compare. Oregon college-bound seniors have performed better than the national group consistently in verbal scores and, although spasmodic, have improved over the years in mathematics scores to rise above the national group. Mean scores in both areas have been substantially higher for students planning to enroll in State System institutions.

Test scores of students who actually enroll are not collected system-wide on an annual basis. When last examined in 1976, it was noted that the profile of enrolling students was quite similar to that of the State System prospective student group.
## TABLE II

PROFILE OF HIGH SCHOOL GRADE POINT AVERAGES OF ENTERING STUDENTS NEW FROM HIGH SCHOOL, FALL TERM 1981
ALL STATE SYSTEM

<table>
<thead>
<tr>
<th>High School Grade Point Average</th>
<th>Residents</th>
<th></th>
<th>Nonresidents</th>
<th></th>
<th>Total</th>
<th></th>
<th>Percentage GPA's At Or Below</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Below 2.00</td>
<td>47</td>
<td>.7</td>
<td>8</td>
<td>.8</td>
<td>55</td>
<td>.7</td>
<td>.7</td>
</tr>
<tr>
<td>2.00-2.24</td>
<td>150</td>
<td>2.3</td>
<td>23</td>
<td>2.4</td>
<td>173</td>
<td>2.3</td>
<td>3.0</td>
</tr>
<tr>
<td>2.25-2.49</td>
<td>403</td>
<td>6.2</td>
<td>68</td>
<td>7.1</td>
<td>471</td>
<td>6.3</td>
<td>9.3</td>
</tr>
<tr>
<td>2.50-2.74</td>
<td>811</td>
<td>12.4</td>
<td>170</td>
<td>17.6</td>
<td>981</td>
<td>13.1</td>
<td>22.4</td>
</tr>
<tr>
<td>2.75-2.99</td>
<td>1,003</td>
<td>15.4</td>
<td>201</td>
<td>20.9</td>
<td>1,204</td>
<td>16.1</td>
<td>38.5</td>
</tr>
<tr>
<td>3.00-3.24</td>
<td>1,158</td>
<td>17.7</td>
<td>170</td>
<td>17.6</td>
<td>1,328</td>
<td>17.7</td>
<td>56.2</td>
</tr>
<tr>
<td>3.25-3.49</td>
<td>1,180</td>
<td>18.1</td>
<td>156</td>
<td>16.2</td>
<td>1,336</td>
<td>17.8</td>
<td>74.0</td>
</tr>
<tr>
<td>3.50-3.74</td>
<td>1,033</td>
<td>15.8</td>
<td>83</td>
<td>8.6</td>
<td>1,116</td>
<td>14.9</td>
<td>88.9</td>
</tr>
<tr>
<td>3.75-4.00</td>
<td>746</td>
<td>11.4</td>
<td>85</td>
<td>8.8</td>
<td>831</td>
<td>11.1</td>
<td>100.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0</td>
<td></td>
<td>100.0</td>
<td></td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NUMBER</td>
<td>6,531(^1)</td>
<td></td>
<td>964(^1)</td>
<td></td>
<td>7,495(^1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MEAN</td>
<td>3.16</td>
<td></td>
<td>3.05</td>
<td></td>
<td>3.15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Institutional reports of new freshman GPA distributions, Fall term 1981.

\( ^1 \)Does not include new freshmen admitted on basis other than GPA, advanced placement students, and others for whom no GPA is retrievable.
<table>
<thead>
<tr>
<th>Year</th>
<th>UO</th>
<th>OSU</th>
<th>PSU</th>
<th>WOSC</th>
<th>SOSC</th>
<th>EOSC</th>
<th>OIT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>NR</td>
<td>T</td>
<td>R</td>
<td>NR</td>
<td>T</td>
<td>R</td>
</tr>
<tr>
<td>1973</td>
<td>3.23</td>
<td>3.17</td>
<td>3.21</td>
<td>3.23</td>
<td>3.21</td>
<td>3.22</td>
<td>3.12</td>
</tr>
<tr>
<td>1974</td>
<td>3.21</td>
<td>3.00</td>
<td>3.15</td>
<td>3.24</td>
<td>3.18</td>
<td>3.23</td>
<td>NA</td>
</tr>
<tr>
<td>1975</td>
<td>3.25</td>
<td>3.13</td>
<td>3.22</td>
<td>3.30</td>
<td>3.17</td>
<td>3.27</td>
<td>3.05</td>
</tr>
<tr>
<td>1976</td>
<td>3.27</td>
<td>3.11</td>
<td>3.24</td>
<td>3.31</td>
<td>3.19</td>
<td>3.29</td>
<td>3.08</td>
</tr>
<tr>
<td>1977</td>
<td>3.27</td>
<td>3.10</td>
<td>3.24</td>
<td>3.32</td>
<td>3.17</td>
<td>3.30</td>
<td>3.09</td>
</tr>
<tr>
<td>1978</td>
<td>3.26</td>
<td>3.11</td>
<td>3.23</td>
<td>3.26</td>
<td>3.18</td>
<td>3.25</td>
<td>3.04</td>
</tr>
<tr>
<td>1979</td>
<td>3.25</td>
<td>3.04</td>
<td>3.19</td>
<td>3.30</td>
<td>3.19</td>
<td>3.29</td>
<td>3.01</td>
</tr>
<tr>
<td>1980</td>
<td>3.26</td>
<td>3.09</td>
<td>3.21</td>
<td>3.30</td>
<td>3.19</td>
<td>3.29</td>
<td>2.97</td>
</tr>
<tr>
<td>1981</td>
<td>3.23</td>
<td>3.06</td>
<td>3.19*</td>
<td>3.31</td>
<td>3.16</td>
<td>3.29</td>
<td>3.03</td>
</tr>
</tbody>
</table>

*Does not include approximately 100 AP students.

Source: Institutional GPA Distribution Reports.

Office of High School Relations
3/2/82
PREDICTORS OF ACADEMIC SUCCESS

From the time (1958) that minimum entrance requirements were first established for State System institutions, the reported high school GPA has been considered the best single predictor of academic success. National testing agencies (The College Board and American College Testing) have found similar results in comparing the predictive ability of academic performance and test scores. Only in combining test scores and grades, especially in select courses, is there better prediction. This latter method has been practiced, however, only by very selective institutions because of the high cost in evaluating credentials and difficulty in expressing levels of expected academic performance to prospective students.

In 1979, a special validity study was conducted of the State System entering class of 1976. A twenty percent sample, by institution, of that class was drawn and credentials including high school grades, courses taken, test scores, and college performance through the sophomore year collected for these students. In every run of the data using grades at the end of the second year as the criteria and measures of high school achievement and test scores as the predictors, the former correlated best. Review of the data in depth led to the following conclusions (as reported to the Board, September 14, 1979):

1. That data from the State System study of the 20% sample of the 1976 entering freshmen bear out what has been found in many other studies: namely, that measures of high school academic achievement are the best single predictors of college academic achievement.

2. That, as predictors of college academic achievement, the individual measures of high school academic achievement (e.g., overall high school GPA, rank-in-class, college preparatory GPA) are not significantly different, one from another, in their capacity, within a given institution, to predict college academic achievement.

3. That, given the foregoing interpretation of the data, the Board's Office is of the view that the measure of high school academic achievement that should be used in admissions processes in the State System should be the one that promises the greatest efficiency in use and ease of verification in the admissions offices of the State System institutions. This measure is the high school reported GPA.

Since that time, the overall high school grade point average has continued to be the primary basis for determining admissions to State System colleges and universities. It should be noted that raising the minimum GPA standard for entrance, as has been the case for those entering fall 1982, will limit admissions to those with a better chance of succeeding academically; but will, at the same time, deny admission to some students who would be able to succeed.
APPLICATIONS: ADMISSIONS AND DENIALS

Since selective admissions were first established in the State System, it has been a basic assumption in setting requirements that they be sufficiently uncomplicated so that an applicant may judge whether he/she meets at least the expected minimum. Thus, requirements have been stated in terms of overall high school GPA or test scores and only exceptions to the stated minimums are left to evaluation by the admissions staff. In addition, information about admissions requirements is widely distributed through the high school visitation program, publications, communication with high school counselors, and the application for admissions form. Because of this informational effort, the fact that counselors in Oregon schools must validate applications sent from their schools, and a rather substantial application fee (now $25), students, especially in Oregon, are not likely to apply if they do not meet the stated admissions requirements.

However, all applications are reviewed along with other credentials (high school transcripts and test scores) to make sure that students meet at least minimal requirements and some are denied admissions through this evaluation. For example, in the fall of 1981, of 12,319 first time freshmen who applied system-wide, 8.5% (4.5% resident, 19.6% nonresident) were denied admission. Included in those admitted are students considered under the 5% exception policy. In the aforementioned national study it is reported that open-door colleges (those requiring only high school graduation) admit 96% of all applicants, while those in the category of selective admissions (ranging from a 2.0 over-all high school GPA to a specified grade point average in a particular course pattern and/or high test scores) admit about 56% of those who apply. The data was not reported for a group of institutions (like the State System colleges and universities) which would fall somewhere between the two reported groups (a range of modestly selective requirements).

Not all Oregon high school graduates who would be eligible to enter a State System college or university apply for admissions. A survey of the Class of 1982 conducted in the spring of their junior year revealed that 79% would be eligible to apply to PSU and the regional colleges and 67.7% to UO and OSU. The most recent follow-up study of high school graduates (Class of 1976) revealed that 63% of the graduates did pursue post-high school education, but of that portion, only 41% entered a State System college or university and that was before admissions requirements in State System institutions were raised.