MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
June 21, 1985
and
July 2, 1985

MINUTES APPROVED

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STATE BOARD OF HIGHER EDUCATION  
MINUTES OF REGULAR MEETING HELD IN  
SMITH CENTER, PORTLAND STATE UNIVERSITY,  
PORTLAND, OREGON  

June 21, 1985

Meeting #527  
A regular meeting of the State Board of Higher Education was held in Room 338, Smith Center, Portland State University, Portland, Oregon.

ROLL CALL  
The meeting was called to order at 10:30 a.m., June 21, 1985, by the President of the Board, Mr. Louis B. Perry, and on roll call the following answered present:

- Mr. John W. Alltucker  
- Mr. Alvin R. Batiste  
- Mr. Terrence A. Clark  
- Mr. Edward C. Harms, Jr.  
- Mr. Richard F. Hensley  

- Mrs. Janet S. Nelson  
- Mr. James C. Petersen  
- Miss Linda L. Walling  
- Mr. Louis B. Perry

Absent: Mrs. Flanagan was absent due to illness, and Mr. Chao was absent for business reasons.

In addition to the above, Mr. David Crowell, newly-appointed Board member, was in attendance.

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary Wilma L. Foster; Clarethel Kahanaunui, Vice Chancellor for Academic Affairs; W. T. Leman, Vice Chancellor for Administration; Wil Post, Vice Chancellor for Public Affairs; Davis Quenzer, Associate Vice Chancellor for Budget and Fiscal Policies; Tom Berkey, Associate Budget Director; Holly Zanville, Assistant Vice Chancellor for Academic Affairs; Melinda Grier, Compliance Officer; Joe Sicotte, Associate Vice Chancellor for Personnel Services; Richard Perry, Associate Vice Chancellor for Administration and Planning Services; Jerry Litz, Assistant Attorney General; Clifford Smith, Jr., Director, CASEERI; Larry Pierce, Executive Assistant to the Chancellor; Virginia Boushey, Assistant to the Vice Chancellor for Administration; Bill Neland, Associate Vice Chancellor for Facilities Planning; Art Mancl, Director, Campus and Building Planning; Victor Baldwin, Director, Teaching Research; Susan Weeks, Coordinator, Planning Studies and Services; Wayne Kurlinski, Special Assistant to the Chancellor; Tim Marsh, Information Director.

Oregon State University--President John V. Byrne; T. D. Parsons, Vice President for Administration; Keith Mobley, Assistant to the President; Stephan Bloomfield.

University of Oregon--President Paul Olum; Richard J. Hill, Provost.

Oregon Health Sciences University--President Leonard Laster; J. T. McGill, Vice President; Peter Wollstein, Assistant Vice President for Budget and Finance.

Portland State University--President J. C. Blumel; Margaret Dobson, Interim Vice President for Academic Affairs; Roger Edgington, Interim Vice President for Finance and Administration; J. K. Harris, Budget Director; Phil Bogue, Assistant to the President.

Eastern Oregon State College--President David Gilbert; James C. Lundy, Dean of Administration; Pat Duffy, Associate Dean, Arts and Sciences.

Oregon Institute of Technology--President Larry J. Blake; John H. Smith, Dean of Administration; Joan M. Foster, Division Chairman; Erik A. Peterson, Director, Continuing Education.
Southern Oregon State College--Ronald Bolstad, Dean of Administration; Ernest E. Ettich, Dean of Academic Affairs; Gary Pickett, Dean, Development and College Relations.

Western Oregon State College--President Richard Meyers; Bill Cowart, Provost; Bill Neifert, Dean of Administration; Maxine Warnath, Associate Professor.

Others--Elizabeth Johnson, Commissioner, Teacher Standards and Practices Commission; T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Michael Witteman, President, Associated Students/Oregon State University; Chris Tamarin, Account Executive/Higher Education, Pacific Northwest Bell.

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the special meeting held on April 26, 1985, and the regular meeting held on May 19, 1985, and approved them as previously distributed. The following voted in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Wallin, and Perry. Those voting no: None.

Commendation on Legislative Session Results

Mr. Perry congratulated the Chancellor, Mr. Lemman, Mr. Post, members of the Board, and all of the others who had participated in achieving the excellent results during the Legislative Session.

Mr. Alltucker commented that the Legislature had shown substantial confidence in the Board's ability to see where the State System was going and how to get there, but it was still important to justify that confidence by future actions.

Sales Tax and Property Tax Reduction

Mr. Perry said the balanced tax initiative would be on the ballot September 17. Efforts are under way to educate the public about the implications of this initiative and to do this against what now appears to be difficult odds. Passage of the tax measure will be very important to the future of higher education.

Mr. Perry urged those present to examine the provisions of the measure closely because with the Constitutional limitations, there will be a direct tax benefit to both the property tax and income tax. It is expected there would be a more favorable economic environment in the state as a result, if the measure passes. This would be beneficial to higher education as well as the entire state. Mr. Perry said if the measure were defeated, it is probable there would be a separate tax limitation measure which would be detrimental to higher education.

Mr. Perry urged those present to study the initiative and work in their local communities to pass what he believed would be a much improved tax situation for Oregon.

Note to H. Flanagan

Mr. Perry indicated that Mrs. Flanagan was absent due to illness. The Board approved a motion directing the Secretary of the Board to send a note on its behalf to Mrs. Flanagan conveying its concern for her continued progress and sending the greetings of the Board and those present at the meeting.

D. Crowell, Introduced & Welcomed

Mr. Perry announced that Mr. F. David Crowell had been appointed to the Board to replace Miss Walling upon the expiration of her term. His appointment has been confirmed. Mr. Crowell is a student at Oregon State University. He was introduced and welcomed to the Board.

CHANCELLOR'S REPORT

Legislative Report

The Chancellor expressed his appreciation for the comments concerning the success of the legislative program. He said Mr. Alltucker had placed the situation in the proper context in that the Board and the State System have been afforded an opportunity to compete. The Governor, the Legislature, and the people of Oregon have been told that if the investment were made, the State System could accomplish good things and change the economic climate of the state. The opportunity was provided through investment in specific program requests.
The Chancellor said he would like also to thank the Board for its excellent participation in contacting legislators and others, for interpreting the missions of the institutions, and for explaining the goals and objectives. Governor Atiyeh's personal involvement and endorsement of the plan was very helpful, and his educational mission to take key business leaders to the campuses called attention to the fine things that were occurring in the State System. The legislative leadership was outstanding and there was a bipartisan effort because of the strong support of several legislators. The Session was supportive rather than adversarial, and the questions and discussions were intelligent and reflected an exploration of ways to do things better. The Chancellor indicated several labor and business organizations had been very helpful.

The Chancellor then reviewed the specific appropriations made in response to the Board's requests. This information is included in the budget material presented later in these minutes.

The Chancellor concluded the budget presentation by expressing his appreciation to Mr. Lemman for his many hours of testimony and work on the budget, to Mr. Post for organizing the effort with legislators and monitoring the progress, to Dr. Pierce for his planning strategy, and to Mr. Quenzer for his outstanding job in developing the details of the Budget Allocation System Model.

The Chancellor indicated that President Byrne had provided Board members with information pertaining to the request for an administrative reorganization at Oregon State University. A team of consultants assisted President Byrne in the development of the proposed organizational structure.

The request proposed five vice presidential positions and a reorganized president's staff. These positions are described below:

Vice President for Academic Affairs and Provost--This position is the chief academic officer of the university. The added title signifies that this individual is the senior vice president, acting on behalf of the president when the latter is away from the campus. The academic deans will report individually to this vice president. In addition, this office will be responsible for the following academic activities and administrative functions: special instructional programs, direct academic support services, curriculum coordination and evaluation, and faculty personnel policies and oversight.

Vice President for Research and Graduate Studies--This person will be the university's chief research officer and, through the Dean of the Graduate School, will oversee the university's graduate programs. Such an arrangement emphasizes the importance of research to the mission of the institution and the inseparable role of graduate education to these research activities.

Vice President for Finance and Administration--This person will oversee the business-related and logistic operations of the university. Some functions formerly within this officer's purview will be assigned to other vice presidents in recognition of their essentially academic, student-oriented, or public relations character.

Vice President for Student Affairs--This position encompasses two complementary categories of activity. They are administrative functions whose dominant element is service to students, and more global activities closely related to the extracurricular life of students.

Vice President for University Relations--This new position will group together the various university activities directed toward external constituencies. It includes governmental relations, public relations, and resource development. The president will continue to work closely with individual directors as occasion demands, but coordination and management responsibilities will be vested in the vice president.
Positions in the president's staff tend to reflect institutional circumstances that merit special emphasis. They include the legal counsel, affirmative action officer, athletic director and an officer for budget and planning. The latter position will emphasize the importance of university-wide planning and the need for maintaining a global perspective in the development and implementation of the budget. This officer will function as the vital link assuring that priorities established for the university's future are effectively translated into, and expressed through, budgetary policy and on-going allocation decisions.

President Byrne also proposed that Theron Parsons, Jo Anne Trow, and George Keller continue in the positions of Vice President for Finance and Administration, Vice President for Student Affairs, and Vice President for Research and Graduate Studies respectively.

Position descriptions and application guidelines will be distributed shortly for the Acting Vice President for Academic Affairs and Provost and the Acting Vice President for University Relations, to be filled on the basis of an internal university search. Work will begin with the Faculty Senate's Administrative Appointments Committee to initiate a nationwide search for the permanent appointees to these acting positions.

The Chancellor recommended that the Board approve the administrative reorganization as presented.

Mr. Perry asked Dr. Byrne about the relationship between the Vice Chancellor for Finance and the officer for budget planning.

President Byrne said that at the present time the budget activity is under the Vice President for Administration. The objective is to move ahead with a combination of planning and the use of the budget as a mechanism to implement that planning. Initially, that new officer should report to the president because budget and planning affects the entire structure of the university. He indicated the budget and planning officer would be a staff function directly under the president.

Mr. Petersen inquired where the recruitment of students would be assigned in the new administrative organization.

Dr. Byrne said recruitment would be part of the admissions program and would be under the Vice President for Student Affairs.

The Board approved the proposed administrative reorganization plan as presented, with the following voting in favor: Directors Altucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Wailing, and Perry. Those voting no: None.

The Chancellor said that the establishment of the Oregon Center for Advanced Technology Education in the Washington County and Beaverton areas, previously approved by the Board, had included a recommendation for a Vice Chancellor to coordinate the programs, interact with business and industry, and to work with the institutions.

The Chancellor proposed that he work with the Executive Committee of the Board to complete the organizational structure for OCADE, with the intention of presenting a specific recommendation for the position of Vice Chancellor at the July Board meeting. He said it was planned to obtain personnel from within the State System and have them reassigned to OCADE in order to get the program under way as soon as possible.

The Board concurred in the proposal for the Chancellor to work with the Executive Committee.
Mr. Petersen said he still favored a broader title for the position of Vice Chancellor than that suggested in the original proposal. The suggested title seemed to reflect a narrow focus for high technology rather than dealing with the concept of economic development.

At the request of the Chancellor, Dr. T. K. Olson, Executive Director of the Educational Coordinating Commission, said it had been his responsibility to negotiate a limited tuition reciprocity agreement between Washington and Oregon affecting a limited number of students in both states. Approximately 250 students come to Oregon from Washington, and 350 go from Oregon to Washington. The legislation introduced and adopted by the Oregon Legislature established a state policy that said it was in the interest of Oregon and Washington to reduce or eliminate the nonresident tuition factor as a potential barrier to student movement between the two states in terms of postsecondary education. The legislation delegates to the Board of Higher Education and the Board of Education the responsibility for developing a specific plan to implement the policy. It is unlikely that any changes will be made for 1985-86. However, the Board of Higher Education and the Board of Education, representing the community colleges, will be expected to present a specific plan to the Emergency Board prior to the 1986-87 academic year. The legislation provided also that the state need grant program for financial aid to students may be transferred for students going to Washington schools. Conversations with Washington officials indicate students coming to Oregon will be able to bring their financial aid.

Dr. Olson said this new limited tuition reciprocity agreement was a positive step which he believed would encourage thinking more precisely about regional planning between the two states and would benefit institutions, students, and taxpayers of both states.

In response to a question, Dr. Olson indicated that Idaho had been mentioned in early discussions, but neither Idaho nor Oregon was prepared to enter into negotiations at this time without additional information. There is a limited provision in the legislation with respect to Idaho students attending Treasure Valley Community College.

The Chancellor indicated that Dr. Richard Perry had been working with the reports on the academic progress of student athletes. Dr. Perry has requested that the report be made in November or December of this year and annually thereafter. This would permit better analysis of the graduation record and the summer school records in addition to those for the regular academic year.

The Board concurred in the request.

The Chancellor said systemwide brochures and publications were in preparation to provide information for students and their parents. A different brochure for use with prospective businesses and industries interested in locating in Oregon also is being prepared. It will address how they might interact with higher education in the state. Mr. Kurlinski will present a preliminary report at the July Board meeting.

The Chancellor said that Dr. Clifford Smith, Director of CASEERI, had organized that activity and prepared significant surveys on the engineering capabilities and needs of the state. This was accomplished in conjunction with the Board's Committee on engineering education. The following certificate of recognition was prepared in recognition of his service to the State System:
CERTIFICATE OF RECOGNITION
HONORING
CLIFFORD V. SMITH, JR.

Meeting the educational needs of Oregon's high-technology community is one of the major challenges facing higher education in Oregon. To meet the challenge, the State System turned to an experienced administrator, Clifford V. Smith, Jr. Having served as both a Vice President at Oregon State University and as a senior executive in the private sector, he was the logical choice to be the new director of CASEERI, the Council for Advanced Science and Engineering Education/Research for Industry. The State Board of Higher Education is indebted to Cliff for returning to Oregon to head up this important activity.

Located in Portland, CASEERI gave the State System a window to many exciting new developments in high-technology fields. Working with representatives of industry and education, Cliff shaped a consensus on the need to upgrade and expand engineering programs in the state. The resulting expansion of engineering programs at Portland State University, a survey of the needs for trained personnel in high-technology companies, a study of the State System's current engineering programs, a review of economic development in Eastern and Southern Oregon, and a plan for the development of continuing education programs in the Portland metropolitan area are a few of Cliff's accomplishments while serving as the head of CASEERI.

On July 1, 1985, Clifford V. Smith will become the director of the Radiation Center and head of the Department of Nuclear Engineering at Oregon State University. The Board is pleased that Cliff chose to remain in the State System and looks forward to working with him in the future.

The Board thanks Cliff for the excellent job he did as its ambassador in Portland. Relationships with Oregon's business community are much improved, in large part because of Cliff's efforts and skills as director of CASEERI. Cliff's contributions as a member of the Chancellor's staff also have contributed to the improved condition of higher education in Oregon.

The Board adopted the above certificate, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Wallow, and Perry. Those voting no: None.

The Chancellor said a certificate of distinguished service had been prepared honoring Mrs. Clarethei Kahananui, Acting Vice Chancellor for Academic Affairs since 1980. He noted that she had begun her professional career with higher education in 1950.

The Chancellor said he had been delighted to have Mrs. Kahananui's experience and expertise when he arrived and she had done a superb job during his three years in Oregon. He said a backlog of requests for new programs had been eliminated, and there had been very thorough and systematic reviews of new program requests. He said Mrs. Kahananui had done an outstanding job in the analysis of duplication and reduction of duplication of programs in the State System.

The Chancellor indicated that Mrs. Kahananui would continue in a consulting capacity, completing a report on the nursing program.

The Chancellor presented the following certificate of distinguished service and recommended that the "Acting " be removed retroactively to the appointment of Mrs. Kahananui and that she be designated Vice Chancellor for Academic Affairs during the entire period of her appointment until her retirement.
CERTIFICATE OF DISTINGUISHED SERVICE
HONORING
CLARETHEL KAHANANUI

On the occasion of her retirement on June 30, 1985, as Acting Vice Chancellor for Academic Affairs of the Oregon State System of Higher Education, the Oregon State Board of Higher Education presents to Clarethel Kahananui this certificate of distinguished service as an expression of its deep and abiding appreciation for her 35 years of dedicated and remarkably fruitful service to higher education.

A product of the University of Oregon, where she earned a bachelor's degree in journalism with honors and a master's degree in general studies, Mrs. Kahananui came to the service of the Board early in her professional career (1950), having earlier served for two years in the U.S. Women's Army Corps.

Clarethel Kahananui has served the Board in wide-ranging positions over the years, first in the Office of Correspondence Study in the General Extension Division, then in the Board's Office for 32 years in a succession of positions: editorial assistant, information representative, editor and director of publications, assistant in curriculum planning, and since 1980, Acting Vice Chancellor for Academic Affairs.

To this diversity of positions Mrs. Kahananui has brought an uncommon ability to grasp and to apply the salient principles underlying effective planning and management of the work at hand. She has shown consummate skill in eliciting the willing cooperation and support of institutional representatives in joint planning and joint operations in areas committed to her care and oversight. And she has, by her acumen, and by the charm and force of her personality, been able to handle diverse, complex, and often controversial academic matters in a manner that has contributed to a sense of unity and oneness in the State System, while maintaining diversity among the institutions.

We acknowledge with a deep sense of gratitude the debt that higher education in Oregon, and the Board in particular, owes to Clarethel Kahananui for her unremitting efforts in service to higher education in Oregon.

The Board adopted the certificate and approved the recommendation of the Chancellor as presented, with the following voting in favor: Directors Alt- tucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

The Chancellor then presented certificates of recognition honoring the three Board members who were completing their terms of service on the Board. The certificates appear below:

CERTIFICATE OF RECOGNITION
HONORING
LINDA L. WALLING

Linda Walling not only has been an outstanding student representative on the Board of Higher Education, she has been also a strong voice for the students. She has labored tirelessly and effectively for freezing tuition and expanding the opportunities for women and minorities and those challenged with the chance to "work their way through" as she has worked her way through.

Mature, dignified, even stately, she quickly won the esteem and affection of her fellow Board members and State System staff. She did her homework. She voted with judgment and strong conviction. But, above all, she spoke to the issues with enthusiasm, intensity, and tender loving care.
In the truest sense, Linda Walling carried on the tradition of intelligent, committed students dedicated to enriching the educational experience of students now and in generations to come.

CERTIFICATE OF RECOGNITION
HONORING
EDWARD C. HARMS, JR.

"In harm's way" is an old navy term, meaning something wary seamen want to keep out of. But, "Harms' way" in higher education is something one gets a yearning for, whether it is worrying a complex problem through to a happy conclusion or steering a ship of state through troubled waters. For ten years, Edward C. Harms, Jr., has had a steady hand on the helm of higher education in Oregon, serving as captain for two years. Amidst the wailing and bailing from financial torpedoes, Harms stayed on the bridge and brought a leaky and limping armada into calmer climes.

His command presence has always been enhanced by his penchant for the right word at the right time -- and never too many of them -- a rare attribute for a lawyer.

Ed Harms has been up and down the ranks of Oregon Higher Education, stretching back to his undergraduate days at the University of Oregon and his freshman beany. Typical of his academic acumen, he has never forgotten the score of a Duck football game. At the University of Oregon Law School, Ed has been both a student and a teacher.

Being a strong advocate of quality education on all levels, Ed Harms was a natural selection by Governor Robert W. Straub in 1975 to fill an unexpired term. Two years later, Governor Straub reappointed Ed to a full term. Governors came and went, but Harms continued on, being appointed to yet another term in 1981 by Governor Victor Atiyeh.

Now, as his "watch" comes to an end, he can sign the log with the knowledge that some 120,000 Oregonians have received degrees during his tour of duty. His wisdom, his keen judgment under fire, his love and concern for all of the institutions and all of their students and faculties have changed lives and made them better. There are few higher rewards.

His shipmates extend to Ed Harms a hearty "Well done!" For those who have known him and served with him, there has been great joy in being "in Harms' way."

CERTIFICATE OF RECOGNITION
HONORING
LOUIS B. PERRY

For Oregonians, Lou Perry stands out like Mount Hood on a clear day -- a pinnacle of excellence that others look up to and aspire to emulate. In an era of the anti-hero, he nonetheless has achieved heroic stature as a leader in the state -- a symbol of integrity and wisdom and commitment in a world and in a time that we need them all. How fitting and fortunate that, in the unending struggle to expand the opportunities of education and improve its quality, Lou Perry took time from his already crowded agenda to serve on the Oregon State Board of Higher Education for the last decade.

A former professor and college president, he brought to this commitment deep insights into life on the campus. He never lost his sophomoric zeal for the ecstasy of learning and has ever been the student while also being the teacher.
His strong contacts in the business community of Oregon paved the way for unprecedented new partnerships between business and higher education. Yet in striving to strengthen this interaction and the related research potential, he remained a humanist -- one with a deep passion for the arts and the humanities and the inner enrichments of life. In the rush of responsibilities, he likes to take the time to smell the flowers along the way.

As president of the Board for five years, Lou led with a quiet dignity that commanded both respect and loyalty.

Believing that the privileged in today's society are those who have had the full opportunity to learn, he has pressed for high standards and high expectations. These high expectations have inspired the students and faculty in the colleges and universities and the people of the state to new expectations and new hope for a system of higher education that will stand forth as proud and clear as a fresh-washed Oregon sky after a summer rain -- or like Mount Hood or Louis Perry on a clear day.

The Board adopted the certificates of recognition as presented, with the following voting in favor: Directors Altucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.
Report on 1985-1987 Biennial Budget Request

Staff Report to the Committee

The 1985-1987 Biennial Budget has been approved by the 1985 Legislature.
The following summary compares the changes made to the Board's General Fund
request by the Governor and the Legislature.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Board's Request</th>
<th>Governor's Recommendation</th>
<th>Legislative Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Operating Budget</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. Base Budget</strong></td>
<td><strong>$433,298,130</strong></td>
<td><strong>$433,298,130</strong></td>
<td><strong>$433,298,130</strong></td>
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<tr>
<td>Adjustments to the Base:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Inflation</td>
<td>7,603,171</td>
<td>7,603,171</td>
<td>5,359,156</td>
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<tr>
<td>Other</td>
<td>47,940</td>
<td></td>
<td>(489,785)</td>
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<tr>
<td>General Fund-Other Fund Shift</td>
<td></td>
<td></td>
<td>(596,855)</td>
</tr>
<tr>
<td><strong>B. Decision Packages for 1985-1987</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Unclassified Salary Adjustment</td>
<td>55,151,700</td>
<td>40,000,000</td>
<td>40,000,000</td>
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<tr>
<td>2. New Building Oper. &amp; Maintenance</td>
<td>1,054,259</td>
<td>1,054,259</td>
<td>250,000</td>
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<tr>
<td>3. Facilities Maintenance</td>
<td>14,500,000</td>
<td>6,000,000</td>
<td>3,750,000</td>
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<tr>
<td>4. High Technology &amp; Econ. Development</td>
<td>17,611,402</td>
<td>11,614,975</td>
<td>2,425,000</td>
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<tr>
<td>5. Instructional Equipment</td>
<td>10,000,000</td>
<td>4,000,000</td>
<td>4,000,000</td>
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<tr>
<td>6. Instructional Computing</td>
<td>10,000,000</td>
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<tr>
<td>7. Library Automation &amp; Acquisition</td>
<td>8,500,000</td>
<td>6,000,000</td>
<td>--</td>
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<tr>
<td>8. Basic Research</td>
<td>1,200,000</td>
<td>--</td>
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<tr>
<td>9. Institution Specific</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Education and General</td>
<td>2,482,826</td>
<td>--</td>
<td>--</td>
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<tr>
<td>b. Statewide Public Services-OSU</td>
<td>1,601,780</td>
<td>800,000</td>
<td>496,891</td>
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<tr>
<td>c. University Hospital--Extraordinary Costs</td>
<td>20,000,000</td>
<td>15,000,000</td>
<td>4,069,453</td>
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<tr>
<td>10. Freeze &amp; Modify Instruc. Fee Policy</td>
<td>6,176,457</td>
<td>--</td>
<td>1,460,000</td>
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<tr>
<td>11. Veterinary Diagnostic Laboratory</td>
<td>--</td>
<td>27,317</td>
<td>20,273</td>
</tr>
<tr>
<td>Subtotal Decision Packages</td>
<td>$148,278,424</td>
<td>$84,496,551</td>
<td>$50,471,617</td>
</tr>
<tr>
<td><strong>C. Lottery Fund Supported Decision Packages</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Equipment &amp; Remodeling (Centers of Excellence)</td>
<td></td>
<td></td>
<td>3,500,000</td>
</tr>
<tr>
<td>2. Oregon Center for Advanced Technology Education</td>
<td></td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td>Lottery Resource</td>
<td></td>
<td></td>
<td>4,500,000</td>
</tr>
<tr>
<td>Operating Budget (General Fund &amp; Lottery)</td>
<td>$589,179,725</td>
<td>$525,445,729</td>
<td>$498,542,263*</td>
</tr>
<tr>
<td><strong>II. Endowment Fund (Lottery)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowed Chairs, OHSU</td>
<td></td>
<td></td>
<td>2,500,000</td>
</tr>
<tr>
<td><strong>III. Student Loans</strong></td>
<td>95,666</td>
<td>95,666</td>
<td>95,666</td>
</tr>
<tr>
<td><strong>IV. Debt Service</strong></td>
<td>11,704,710</td>
<td>11,704,710</td>
<td>10,695,479</td>
</tr>
<tr>
<td><strong>V. Capital Construction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A. Capital Construction (Education and General Plant)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. General Fund</td>
<td>41,032,500</td>
<td>1,900,000</td>
<td>800,000</td>
</tr>
<tr>
<td>2. XI-G Bonds</td>
<td>41,032,500</td>
<td>18,710,000</td>
<td>--</td>
</tr>
<tr>
<td>3. Lottery Funds</td>
<td>16,810,000</td>
<td>46,175,000</td>
<td>34,620,000</td>
</tr>
<tr>
<td>4. Gifts and Grants</td>
<td>46,175,000</td>
<td>46,175,000</td>
<td>46,175,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$128,240,000</td>
<td>$83,595,000</td>
<td>$81,595,000</td>
</tr>
<tr>
<td><strong>B. Capital Construction (Auxiliary Enterprises)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. XI-F(1) Bonds</td>
<td>$13,720,000**</td>
<td>$16,980,000**</td>
<td>$3,880,000</td>
</tr>
<tr>
<td>2. Federal Funds</td>
<td>3,375,000</td>
<td>3,375,000</td>
<td>3,375,000</td>
</tr>
<tr>
<td>3. Other Funds</td>
<td>7,650,000</td>
<td>7,650,000</td>
<td>8,470,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$24,745,000</td>
<td>$28,005,000</td>
<td>$15,725,000</td>
</tr>
</tbody>
</table>

** Includes $2,500,000 for equipment at University Hospital.
* Estimated Classified Pay Adjustment of $8,097,138 not included in total.
Description of Changes to the Board's Request

1. Inflation Adjustments

The Ways and Means Committee reduced the general services and supply inflation rate from the requested 5.5% per year to 3% per year.

2. Unclassified Salary Adjustment

The Board’s request of $55.2 million was to achieve a salary level near the midpoint of comparator institutions in 1985-1987 by providing for an 11.5% increase in both years of the biennium. The Governor recommended $40 million to finance a 5% + 3% across the board adjustment in 1985-86 and 1986-87 respectively, plus "selective salary raises for faculty—depending upon merit, market conditions, and other factors to be determined by the Chancellor and the State Board of Higher Education."

3. New Building Operation and Maintenance

The Ways and Means Committee recommended only $250,000 of the requested $1,054,259 for new building operation and maintenance. This reduced level provides funding for only the Water Bureau Building at Portland State University.

4. Facilities Maintenance

The Ways and Means Committee's recommended level of $3,750,000 for facilities maintenance compares to the Board's request of $14,500,000. This reduced funding level will make it impossible for the Board to reach its goal of facilities maintenance expenditure of .75% of valuation per year (IMD 6.060). The available resources will achieve a .29% expenditure level.

5. High Technology and Economic Development

The Ways and Means Committee approved a total budget for High Technology and Economic Development of $6,925,000. In addition, $2,500,000 was set aside from Lottery Funds for endowed chairs at the Oregon Health Sciences University. The following summary describes the program and source of funds for High Technology and Economic Development:
<table>
<thead>
<tr>
<th></th>
<th>Lottery Funds Nonrecurring Equip./Remodel 1985-1987</th>
<th>General Funds Recurring 1986-87</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University of Oregon</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Materials, Optical and Computer Science</td>
<td>$600,080</td>
<td>$455,210</td>
</tr>
<tr>
<td>2. Biotechnology</td>
<td>$570,000</td>
<td>$231,990</td>
</tr>
<tr>
<td>3. High Energy Physics</td>
<td>$213,280</td>
<td>$62,800</td>
</tr>
<tr>
<td>4. Polymer Science</td>
<td>$191,680</td>
<td>--</td>
</tr>
<tr>
<td>5. Geothermal Research</td>
<td>$86,960</td>
<td>--</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,662,000</td>
<td>$750,000</td>
</tr>
<tr>
<td><strong>Oregon State University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Upgrade and Expand Elec.Eng.</td>
<td>$950,000</td>
<td>$703,000</td>
</tr>
<tr>
<td>2. Gene Research and Biotechnology</td>
<td>--</td>
<td>$260,380</td>
</tr>
<tr>
<td>3. Agri-Business-OSU-EOSC</td>
<td>$13,000</td>
<td>$186,620</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$963,000</td>
<td>$1,150,000</td>
</tr>
<tr>
<td><strong>Portland State University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Upgrade Engineering Program</td>
<td>$500,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>2. International Trade &amp; Commerce</td>
<td>--</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$500,000</td>
<td>$400,000</td>
</tr>
<tr>
<td><strong>Forest Research Laboratory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Riparian Zone Management</td>
<td>$--</td>
<td>$125,000*</td>
</tr>
<tr>
<td></td>
<td><strong>---</strong> $62,500 available in 1985-86.**</td>
<td></td>
</tr>
<tr>
<td><strong>Oregon Health Sciences University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Center for Tech. on Medicine</td>
<td>$375,000</td>
<td>--</td>
</tr>
<tr>
<td>In addition, $2,500,000 was set aside from Lottery Funds to finance two endowed chairs at the OHSU.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OCATE</strong></td>
<td>$1,000,000*</td>
<td>$--</td>
</tr>
<tr>
<td>Total Operating Budget</td>
<td>$4,500,000</td>
<td>$2,425,000</td>
</tr>
<tr>
<td>Endowment</td>
<td>2,500,000</td>
<td></td>
</tr>
</tbody>
</table>

* OCATE is funded in part from Lottery Funds, but the program is being planned as recurring.

6. Instructional Equipment

The Board's request of $10,000,000 was to reduce the replacement schedule for equipment from 70 to 27 years. The $4,000,000 provided by the Legislature represents a 43-year replacement cycle.

7. Instructional Computing

The Ways and Means Committee appropriated no funds for this purpose.

8. Library Automation

The Ways and Means Committee appropriated no funds for this purpose.

9. Basic Research

The Ways and Means Committee appropriated no funds for this purpose.
10. Institution Specific:

a. Education and General

The Ways and Means Committee appropriated no funds for this purpose.

b. Statewide Public Services-OSU

1. Agricultural Experiment Station

The Ways and Means Committee appropriated $220,000 for Crop Production but authorized the full $220,000 to be expended in the second year of the biennium. This has the effect of fully funding the program level as recommended by the Governor but delaying its implementation one year. In addition, the Ways and Means Committee added to the AES budget $157,282 for increased support in horticulture research.

2. Cooperative Extension Service

The Ways and Means recommended only $100,000 for meeting increased service demands. CES had requested $448,206 and the Governor had recommended $360,000.

3. Forest Research Laboratory

The Board requested $125,000 from the General Fund for Riparian Zone management. The Governor recommended and the Legislature approved the program as requested.

c. University Hospital

The Board requested $20,000,000 and the Governor recommended $15,000,000 to meet the extraordinary costs of operating University Hospital. The Legislature appropriated $4,069,453 to meet these extraordinary costs.

11. Freeze and Modify Instruction Fee Policy

The Board requested a freeze in instruction fee rates in 1985-1987. The Governor recommended a 3% increase in instruction fees in each year of the biennium. The Ways and Means Committee provided $1,460,000 of General Fund support to make possible an instruction fee freeze in 1986-87 after a 3% increase in 1985-86.

12. Veterinary Diagnostic Laboratory--Change in Budget Policy

The Ways and Means Committee approved the transfer of the budget administration from the Agriculture Experiment Station to the College of Veterinary Medicine at OSU.

13. Debt Service

The Legislative appropriation reflects the ongoing XI-G bonding obligations in 1985-1987. No additional XI-G Bonds were authorized by the 1985 Legislature.

14. Capital Construction

The Ways and Means Committee's approved budget for Capital Construction accomplishes a major portion of the Capital Construction program as recommended by the Governor. The major differences between the Governor's program and that approved by the Ways and Means Committee is the
financing plan for the four buildings associated with the High Technology and Economic Development program. The Governor had recommended 50% Lottery Funds and 50% XI-G Bonds. The Ways and Means Committee financed all four buildings from Lottery proceeds by establishing a funding plan which provides $2,800,000 per quarter for 12 quarters. This funding plan will make it possible to begin construction as envisioned in the Governor's plan by matching quarterly expenditures with quarterly receipts over the next three years.

The Legislature also approved $1,000,000 from Lottery Funds to construct a Sheep Research Facility at the Central Experiment Station at OSU and a Potato Research Facility at the Redmond Branch Experiment Station. These items were not in the Board's Request nor Governor's Recommended Budget for 1985-1987.

Discussion and Recommendation by the Committee

Mr. Lemman reviewed for the information of the Committee the report on the biennial budget request as approved by the Legislature.

Mr. Hensley inquired whether funds would be available during the biennium as a contingency in the event a new program were proposed which the Board wished to authorize.

Mr. Lemman explained that the Legislature had directed the Board several biennia previously to eliminate a Board's reserve which had formerly been available for such purposes or for emergencies. Consequently, all of the resources of the State System will be allocated. If an institution wishes to propose a new program, the Board has two alternatives. It could direct the institution to reallocate funds internally to finance the program, or it could reallocate funds from other institutions to the institution where the new program is to be started.

Mr. Alltucker commented that frequently legislators have objected to the fact that certain budget items which they believed they had approved had been reallocated to other purposes. He said he was thinking particularly this time of programs which had been cut severely but which the Board really believes should be maintained at a higher level. It may be necessary to reallocate funds from the appropriation for those programs. He asked how Board members could work with legislators so that they would understand the reallocations.

Mr. Lemman said he believed there was a commitment with the Ways and Means Committee and the Legislative Assembly in certain areas. The first is to spend the full $40 million appropriated for salary adjustments for that purpose. The monies for facilities maintenance and instructional equipment must be spent for those purposes, and a recommendation will be made to the Board that the central office monitor those funds to make certain that commitment is met. There is a commitment not to increase tuition during the second year of the biennium. The allocation to University Hospital is a separate line item appropriation as are lottery dollar allocations for equipment, endowed chairs, OCATE, and Experiment Station. Outside of those commitments, Mr. Lemman said it was his opinion the Board had full flexibility in reallocating the funds among the institutions and directing them to spend the resources for whatever purposes the Board chooses.

The Committee referred the report to the Board for information.
Board Discussion and Action

Mr. Lemman explained the procedure for the allocation of lottery dollars. Certain statewide priority projects will receive lottery funds the first quarter of 1985-86, including $2.8 million for capital construction for the Board of Higher Education. Only this amount will continue as a priority item each quarter throughout the remainder of the biennium (and, indeed, for four quarters in 1987-88). The funds received will be placed in an interest-earning account from which payments will be made for the four large capital construction projects provided from lottery funds.

The remainder of the items appropriated by the Legislature from lottery funds will be allocated on a percentage basis as each item relates to the total appropriation for non-priority items. Each quarter the various items will receive that percentage of the actual lottery receipts designated for that particular item. Although the quarterly amount will vary as the receipts fluctuate, deposits will continue during the biennium until the total appropriation is received.

The Board accepted the report as presented.
1985-86 Operating Budget

Staff Report to the Committee

The 1985-86 Operating Budget is based upon the 1985-1987 Biennial Budget as approved by the Legislature. The 1985-86 Annual Operating Budget totals $306,857,061, compared to $281,093,701 in 1984-85.

The 1985-86 allocations are based on the following factors:

1. The 1984-85 Operating Budget as approved by the Board is the base.

2. Inflation adjustments to the base are as follows:
   a. General Services and Supplies at 3%
   b. Capital Outlay at 5.5%
   c. Library Acquisitions at 10.0%
   d. Energy related items at approximately 3% per year over the actual prices paid in 1983-84 (i.e., 1983-84 price x 1.0609 = 1985-86).

3. New Building Operation and Maintenance funded from the General Fund is provided for the Water Bureau Building at Portland State University. Other Funds limitation is provided at University of Oregon and Southern Oregon State College.

4. Facilities maintenance funds are to be allocated on a project basis by the Office of Administration. The facilities maintenance funds available in 1985-1987 total $6,885,000.

5. Instructional equipment dollars are allocated to the institutions based on the BAS Equipment Model. The BAS Equipment Model determines the level of instructional equipment needs at each institution based on that institution’s programs. The allocation is not based on present equipment inventories or present equipment budgets. Each institution’s portion of the $2,000,000 (4,000,000/2) is the ratio of its BAS Model Equipment needs to the total BAS equipment needs for the seven institutions.

<table>
<thead>
<tr>
<th>BAS Instruction Equipment Needs</th>
<th>% of Total</th>
<th>1985-86 Allocation</th>
<th>1984-85 Base</th>
<th>Additional As % of 1984-85 Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>$35,174,878</td>
<td>$502,500</td>
<td>$838,883</td>
<td>60.0%</td>
</tr>
<tr>
<td>OSU</td>
<td>54,316,935</td>
<td>774,375</td>
<td>1,234,244</td>
<td>63.0</td>
</tr>
<tr>
<td>PSU</td>
<td>20,906,532</td>
<td>298,125</td>
<td>359,399</td>
<td>83.0</td>
</tr>
<tr>
<td>WOSC</td>
<td>4,103,825</td>
<td>58,125</td>
<td>9,560</td>
<td>N/A</td>
</tr>
<tr>
<td>SOSC</td>
<td>5,738,274</td>
<td>82,500</td>
<td>42,640</td>
<td>193.0</td>
</tr>
<tr>
<td>EOSC</td>
<td>2,221,164</td>
<td>31,875</td>
<td>65,843</td>
<td>48.0</td>
</tr>
<tr>
<td>OIT</td>
<td>8,892,829</td>
<td>127,500</td>
<td>292,144</td>
<td>44.0</td>
</tr>
<tr>
<td></td>
<td>$131,354,437</td>
<td>$1,875,000</td>
<td>$2,842,713</td>
<td></td>
</tr>
<tr>
<td>CHSU</td>
<td></td>
<td>125,000</td>
<td>247,462</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2,000,000</td>
<td>$3,090,175</td>
<td></td>
</tr>
</tbody>
</table>

6. Classified and Management Service Salary dollars are allocated to each institution based on the number and type of positions recorded on the Executive Department Position Inventory Control System (PICS). In general, the allocation provides for a 5% across the board salary increase on July 1, 1985. For 1986-87 an additional 3% across the board adjustment will be provided on July 1, 1986.

7. Unclassified Salary dollars are allocated based on a salary policy with the following criteria:
   a. An across the board adjustment of 5% on July 1, 1985 and 3% on July 1, 1986.
b. Correction of present and/or potential salary anomalies which might result in possible prohibited discrimination.

c. Salary adjustments to those persons who are given an advance in rank or additional responsibilities.

d. Correction of salary anomalies resulting from market conditions. The application of a market condition factor may result in different percentage adjustments by discipline and institution.

e. Salary adjustments for faculty members to recognize superior performance and to remain competitive with other institutions.

f. An increase of 2.00% across the board and 1.25% merit on May 1, 1987 as a supplemental rate increase (to those granted on July 1, 1985 and July 1, 1986) in an effort to reduce further the salary disparity of Oregon faculty with faculty in comparator institutions.

g. An increase in 1985-86 that is greater than in 1986-87 because there were no salary increase in the prior two years.

h. Increase the Faculty Excellence Award program from the present $100,000 per year to $200,000 per year.

The unclassified salary increase policy for 1985-1987 provides differential treatment of institutions in the allocation of salary increase dollars. These differentials are due to applying peer group/comparator institution criteria and market conditions unique to selected academic disciplines.

Across the Board Adjustments

Each unclassified employee performing satisfactory work will receive on July 1, 1985 a 5% increase in salary followed by an additional 3% on July 1, 1986 and 2% on May 1, 1987 (except graduate assistants and students).

For graduate assistants and students, each institution is provided with funds equivalent to a 3% increase in the salary base on July 1, 1985 and July 1, 1986. Each institution is expected to develop its own salary plan for the allocation of these funds.

Merit Adjustment

Each institution on July 1, 1985 will be allocated 1.50% for merit followed by an additional allocation of 2.25% on July 1, 1986 and 1.25% on May 1, 1987. These funds are discretionary to the President and are intended for salary adjustments to recognize superior individual performance, as well as those persons who have been given an advance in rank or additional responsibilities.

Correction of Salary Anomalies

Each institution on July 1, 1985 will be provided a sum of money equivalent to .25% of its salary base to correct present and/or potential salary anomalies which might result in possible prohibited discrimination. Each institution must develop its own plan for the internal distribution of these funds.

Market Conditions in Academic Disciplines

During the past several years, certain disciplines have been significantly impacted by market changes. These market changes have been internal as well as external (private business and other governmental units) to higher education. The following table depicts those changing market conditions by
comparing the average salary of new assistant professors with assistant professors by discipline. The relationship of the new assistant professor salary to the salary average of assistant professors with 2-7 years experience is an indication of changing market conditions. See Table I, below.

Table I

1984-85 Oklahoma State Salary Survey
By Discipline

<table>
<thead>
<tr>
<th>Discipline</th>
<th>All Rank Average</th>
<th>New Assistant Professor</th>
<th>Assistant Professor</th>
<th>New Assistant Professor as % of Assistant Professor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>$34,046</td>
<td>$25,070</td>
<td>$26,177</td>
<td>95.8</td>
</tr>
<tr>
<td>Architecture</td>
<td>33,203</td>
<td>24,350</td>
<td>25,305</td>
<td>96.2</td>
</tr>
<tr>
<td>Biology</td>
<td>35,986</td>
<td>24,226</td>
<td>25,990</td>
<td>93.2</td>
</tr>
<tr>
<td>Business</td>
<td>38,656</td>
<td>33,104</td>
<td>32,589</td>
<td>101.6</td>
</tr>
<tr>
<td>Communications</td>
<td>30,227</td>
<td>22,416</td>
<td>24,337</td>
<td>92.1</td>
</tr>
<tr>
<td>Computer Science</td>
<td>37,722</td>
<td>32,887</td>
<td>32,871</td>
<td>100.1</td>
</tr>
<tr>
<td>Education</td>
<td>31,064</td>
<td>22,164</td>
<td>23,905</td>
<td>92.7</td>
</tr>
<tr>
<td>Engineering</td>
<td>40,511</td>
<td>31,978</td>
<td>31,901</td>
<td>100.2</td>
</tr>
<tr>
<td>Fine Arts</td>
<td>30,021</td>
<td>21,028</td>
<td>22,232</td>
<td>94.6</td>
</tr>
<tr>
<td>Foreign Language</td>
<td>31,744</td>
<td>20,615</td>
<td>22,800</td>
<td>90.4</td>
</tr>
<tr>
<td>Home Economics</td>
<td>29,083</td>
<td>23,017</td>
<td>24,618</td>
<td>93.5</td>
</tr>
<tr>
<td>Law</td>
<td>51,676</td>
<td>36,860</td>
<td>36,041</td>
<td>102.3</td>
</tr>
<tr>
<td>Letters</td>
<td>31,126</td>
<td>21,237</td>
<td>22,428</td>
<td>94.7</td>
</tr>
<tr>
<td>Library Science</td>
<td>30,902</td>
<td>22,333</td>
<td>23,151</td>
<td>96.5</td>
</tr>
<tr>
<td>Mathematics</td>
<td>35,566</td>
<td>24,816</td>
<td>25,199</td>
<td>98.5</td>
</tr>
<tr>
<td>Physical Science</td>
<td>38,753</td>
<td>24,758</td>
<td>25,913</td>
<td>95.5</td>
</tr>
<tr>
<td>Psychology</td>
<td>34,864</td>
<td>22,152</td>
<td>23,251</td>
<td>95.3</td>
</tr>
<tr>
<td>Public Affairs</td>
<td>32,668</td>
<td>23,510</td>
<td>25,846</td>
<td>91.0</td>
</tr>
<tr>
<td>Social Science</td>
<td>34,861</td>
<td>22,577</td>
<td>24,281</td>
<td>92.2</td>
</tr>
<tr>
<td>Interdisciplinary</td>
<td>30,381</td>
<td>20,950</td>
<td>22,777</td>
<td>92.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,370</strong></td>
<td><strong>26,151</strong></td>
<td><strong>26,810</strong></td>
<td><strong>97.5</strong></td>
</tr>
</tbody>
</table>

It is recommended that a special market adjustment of 6% on July 1, 1985 be given those disciplines where the new assistant professor salary average is equal to or greater than that of the assistant professors. The four disciplines receiving a market adjustment are business, computer science, engineering and law. These four disciplines, in addition to the market adjustment, must also receive the across the board (5% + 3% +2%) and merit adjustment factors (1.50% + 2.25% + 1.25%). However, it is to be understood that in these four disciplines each faculty member might not participate in the market or merit adjustment. However, the combined average salary in each of the four disciplines must increase by these factors over the 1984-85 base.

Disciplines receiving a market adjustment are not intended to, but may at the discretion of the President, participate in the Peer Group/Comparator adjustment (discussed below) because the market factor is intended to be inclusive of a Peer Group/Comparator adjustment.

Peer Group or Comparator Institutions

The gathering and reporting of faculty salary data over the past 2 to 3 years has been greatly improved. One improvement has been to compare faculty salaries by type of institution. Such analysis has revealed that certain Oregon institutions are in a better relative position to hold or recruit faculty when in direct competition for faculty with institutions of like mission or character.
The Peer Group/Comparator adjustment funds are discretionary to the institution. They may be applied by the President as additional merit or for other discretionary adjustments. The Peer Group/Comparator factor (2.50) for the UO and OSU takes into consideration their average salary position relative to their comparators. PSU's factor places it between the UO/CSU comparators and comprehensive 2A universities.

Table II displays the average salaries in 1984-85 by institution along with the average salary of comparator or peer institutions.

<table>
<thead>
<tr>
<th>Institution</th>
<th>1984-85 Average Oregon Salary</th>
<th>Peer/Comparator Institutions</th>
<th>Percent of Comparator</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon (Public Doctorate Granting University)</td>
<td>$29,100</td>
<td>$33,860</td>
<td>86%</td>
</tr>
<tr>
<td>Oregon State University (Public Doctorate Granting University)</td>
<td>28,500</td>
<td>33,860</td>
<td>84%</td>
</tr>
<tr>
<td>Portland State University (Category 2A, Comprehensive University)</td>
<td>28,900</td>
<td>29,930</td>
<td>97%</td>
</tr>
<tr>
<td>Western Oregon State College (Traditional 16)</td>
<td>25,800</td>
<td>28,640</td>
<td>90%</td>
</tr>
<tr>
<td>Southern Oregon State College (Traditional 16)</td>
<td>25,700</td>
<td>28,640</td>
<td>90%</td>
</tr>
<tr>
<td>Eastern Oregon State College (Traditional 16)</td>
<td>24,100</td>
<td>28,400</td>
<td>85%**</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>26,100</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Oregon Health Sciences University</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School of Medicine*</td>
<td>66,373</td>
<td>73,136</td>
<td>91%</td>
</tr>
<tr>
<td>School of Dentistry*</td>
<td>35,570</td>
<td>44,838</td>
<td>79%</td>
</tr>
<tr>
<td>School of Nursing</td>
<td>32,484</td>
<td>35,933</td>
<td>90%</td>
</tr>
</tbody>
</table>

* Averages based on 12 months' salary. For Schools of Medicine, and Dentistry, the averages exclude Department Chairmen and Deans. Department Chairmen are included in the average for the colleges and universities. The average salary at the School of Medicine reflects the Medical Practice Plan income which is about 30% of total compensation.

** This number may be an anomaly. The apparent discrepancy will be studied further and an appropriate recommendation will be made in the future.
Table III details the recommended salary adjustments by institution.

Table III

Distribution of Unclassified Salary Funds
1985-1987

<table>
<thead>
<tr>
<th></th>
<th>July 1, 1985</th>
<th>July 1, 1986</th>
<th>May 1, 1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Institutions (Including</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statewide Public Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Across the Board</td>
<td>5.00%</td>
<td>3.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Merit</td>
<td>1.50%</td>
<td>2.25%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Anomalies</td>
<td>.25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Adjustment--All Institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>6.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Science</td>
<td>6.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>6.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer Group/Comparator Adjustments*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Oregon</td>
<td>2.50%</td>
<td>2.50%</td>
<td></td>
</tr>
<tr>
<td>Oregon State University</td>
<td>2.50</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>Portland State University</td>
<td>1.50</td>
<td>1.50</td>
<td></td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Oregon Health Sciences University</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Centralized Activities</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Teaching Research</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Statewide Public Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Experiment Station</td>
<td>2.50</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>Cooperative Extension Service</td>
<td>2.50</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>Forest Research Laboratory</td>
<td>2.50</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>University Hospital</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Crippled Children's Division</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Dental Clinics</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Graduate Assistants--All Institutions</td>
<td>3.00%</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>Students--All Institutions</td>
<td>3.00</td>
<td>3.00</td>
<td></td>
</tr>
</tbody>
</table>

* The Peer Group/Comparator Adjustment does not apply to disciplines receiving a market adjustment in 1985-86. In 1986-87, the Peer Group/Comparator adjustment applies to all disciplines.

In an attempt to assess the impact on Oregon institutions of the Unclassified Salary Plan described above, a comparison of Projected Average Salaries is provided for 1985-86 and 1986-87 to illustrate the change in the relative position (projected) of Oregon institutions to their Peer Group/Comparators over the next two years.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>86%</td>
<td>$35,890</td>
<td>$37,180</td>
<td>$31,920</td>
<td>89%</td>
<td>$34,570</td>
<td>93%</td>
<td>91</td>
<td>100.5</td>
<td>92</td>
<td>92</td>
<td>92</td>
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<tr>
<td>OSU</td>
<td>84%</td>
<td>35,890</td>
<td>37,180</td>
<td>31,500</td>
<td>87</td>
<td>33,900</td>
<td>91</td>
<td>91</td>
<td>100.5</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>PSU</td>
<td>97%</td>
<td>31,730</td>
<td>33,650</td>
<td>31,500</td>
<td>99</td>
<td>33,800</td>
<td>100.5</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>WOSC</td>
<td>90%</td>
<td>30,560</td>
<td>32,180</td>
<td>27,850</td>
<td>92</td>
<td>29,750</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>SOSC</td>
<td>90%</td>
<td>30,560</td>
<td>32,180</td>
<td>27,830</td>
<td>92</td>
<td>29,730</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>EOSC</td>
<td>85%</td>
<td>30,560</td>
<td>32,180</td>
<td>26,060</td>
<td>86</td>
<td>27,840</td>
<td>87</td>
<td>87</td>
<td>87</td>
<td>87</td>
<td>87</td>
<td>87</td>
</tr>
<tr>
<td>OIT</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>28,590</td>
<td></td>
<td>30,540</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

* Projections based on 6% growth per year.

-215-
8. The Model/Equity adjustment is based on the BAS Model and the application of the Corridor of Enrollment policy. The BAS Model is used as a compass or guide in the allocation of resources that are necessary to address the relative equity in funding among the institutions based upon curricular allocation and number and type of students. The student enrollment used in the BAS Model for each institution is the midpoint of its Corridor of Enrollment rather than its projected enrollment for 1985-86. (Note: Midpoint of each institutions' Corridor of Enrollment is the 5 year average of enrollment projections beginning with the 1984-85 revised enrollment projection based on actual fall 1984 experience.) The Corridors of Enrollment and projected enrollments for 1985-86 are:

<table>
<thead>
<tr>
<th>University</th>
<th>1985-86 Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upper</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>14,843</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>14,024</td>
</tr>
<tr>
<td>Portland State University</td>
<td>8,720</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>2,729</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>3,727</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>1,625</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>2,474</td>
</tr>
</tbody>
</table>

9. High Technology and Economic Development

The High Technology and Economic Development program for 1985-1987 consists of four elements:

a. Recurring program funds totaling $2,425,000 are provided from the General Fund, of which $2,300,000 becomes available in 1986-87.

b. Nonrecurring funds for equipment and remodeling totaling $3,500,000 from lottery funds will be available throughout 1985-1987 as lottery proceeds are collected. The allocation of these funds to the institutions will be based on the equipment and remodeling program in the Governor's recommended budget for High Technology and Economic Development.

c. Lottery proceeds are to assist in financing the operation of the OCATE Center in the Portland area during 1985-1987. The OCATE Center is planned as an ongoing program with a $1.6 million budget in 1985-1987. The budget is to be financed from Board's resources ($260,000), tuition ($357,500), and lottery proceeds ($1,000,000).

d. Lottery proceeds to establish a $2,500,000 endowment to finance two endowed chairs at the Oregon Health Sciences University.

10. Other Funds Revenue Distribution

For the Education and General Services portion of the budget, the Legislature establishes an Other Funds expenditure limitation. For 1985-1987 that expenditure limitation is $212,107,632.

The revenue types which comprise this Other Funds amount are varied. They consist of instruction fees (tuition), WICHE fees, application fees, library fines, indirect cost recoveries, music rental fees, chemistry supplies, catalog sales, gym suit service fees, placement fees, just to mention a few.

In preparing the 1984-85 Operating Budget (which was the base for the 1985-1987 Biennial Budget), the Other Funds portion of the budget reflected the authorized expenditure level for 1983-1985. However, for 1984-85 revenue sufficient to meet this expenditure level will not be generated and thus actual expenditures for 1984-85 (as well as 1983-1985) will be below the Legislative authorized level.
From 1981 to 1983, institutions experienced a decline in the number of federal grants and contracts they were able to obtain. This in turn reduced their anticipated indirect cost revenue. The 1983-1985 budget, however, was approved assuming that institution grant and contract activity would grow at rates more like those experienced prior to 1981-82. When this growth did not occur, the result was a revenue and expenditure level associated with indirect costs (grants and contracts) higher than could be achieved in 1983-1985. Because 1984-85 is the base year for 1985-1987 the revenue to be generated from indirect costs in 1985-1987 is also overstated.

Since the 1985-1987 budget was prepared and submitted to the Governor and the Legislature, enrollment forecasts have been revised based on Fall 1984-85 experience. These revised enrollment projections indicate a growth in enrollment over the 1984-85 level rather than a decline as had been earlier predicted. Enrollment projections also indicate continued strong student preference for Oregon institutions. In addition, the concerted effort to enhance student retention is beginning to have a very positive impact on enrollment. The result is that more revenue from instruction fees (because of more students) will be generated than was in the original projection for 1985-1987.

The revised revenue projection based on the most recent enrollment data for 1985-1987 shows an increase in anticipated revenue from instruction fees, however, indirect cost and other revenues are anticipated to be less than budgeted. The net result being that all other fund revenues in 1985-1987 will be the same as projected and approved by the Legislature for 1985-1987.

The budget recommendations for 1985-86 are based on the most recent enrollment and instruction fee revenue projections. Indirect cost revenues are based on a growth rate of approximately 4% per year. This rate may be understated if federal grant activity continues its present steady growth through 1985-1987. Therefore, if enrollment projections are met and federal grant and contract activities grow more rapidly than anticipated, it may be necessary in late summer or early fall of 1986 to seek from the Emergency Board an increase in the Other Funds expenditure limitation for 1985-1987.

Statewide Public Services

The Statewide Public Service base budget allocations were developed using the same inflation and salary (unclassified and classified) guidelines discussed in items 1, 6, and 7, above. The decision package allocations are as follows:

a. Agricultural Experiment Station

   The Legislature approved the decision package funding increased research activities in crop production, however, the amount was reduced from $440,000 to $220,000 and the Agricultural Experiment Station was directed to begin the program in 1986-87. In addition, the Legislature provided $157,282 for 1986-87 to restore two faculty and two technicians in horticulture. This item was not in the Board's request or Governor's Recommended Budget.

b. Cooperative Extension Service

   The Legislature provided $100,000 (requested amount was $360,000) for the biennium to assist the Cooperative Extension Service in meeting increased service demands. $50,000 will be expended in each of the two fiscal years. In addition, the Legislature provided $19,609 to assist in funding a program for Guard Dogs which was not in the Board's Request or Governor's Recommended Budget.
c. Forest Research Laboratory

The Legislature provided $60,000 from General Funds to be matched with $60,000 from the Forest Products Harvest Tax to implement a program in Riparian Zone management in 1986-87.

d. University Hospital

The Legislature provided $4,069,453 of the requested $15,000,000 additional General Fund dollars to assist in the financing of extraordinary costs at the University Hospital. It reserved another $500,000 in the emergency fund for release by the Emergency Board to the Hospital for a limited amount of facilities remodeling and rehabilitation and equipment replacement. Also, the Legislature modified its approach to pay hospitals for services to welfare clients of the state. The primary impacts of these decisions on University Hospital are:

1. The ability to finance the base budget of the Hospital has been jeopardized with the loss of revenues of $850,000 for the biennium resulting from changes in the financing of the state's welfare program.

2. The budget is predicated on raising rates for hospital services by 3% in each year of the biennium. Already the highest rates in Oregon, these increases will make the Hospital less competitive in its bidding to provide services to prepaid or fixed fee contractors for health services.

3. The capital construction and equipment program for the Hospital has been impaired. The Hospital needs to generate a minimum of about $3 million to finance the debt service requirements for these projects. It is critical that the replacement of obsolete equipment and the consolidation and improvement of current facilities occur to reduce operating costs of the Hospital.

In short, not enough additional General Funds have been provided to meet the objectives of the Board and the Governor to: finance the base budget, complete critical facilities and equipment improvements, and freeze rates. Thus, the Hospital and the Board will need to consider options of decreasing levels of indigent care, further increases in rates, and/or restructuring of debt requirements for facilities improvements.

Staff Recommendation to the Committee

It was recommended that the Board adopt the Education and General Services allocation plan developed in accordance with the guidelines discussed in items 1 through 10, above, and summarized in Table IV of this agenda item. The staff also recommends that the Board approve the Statewide Public Service allocations discussed in item 11, above, and summarized in Table V of this agenda item.
Table IV
Education and General Services
1985-86 Budget Allocation
1986-87 Tentative Allocation

<table>
<thead>
<tr>
<th>LO</th>
<th>OSU</th>
<th>PSU</th>
<th>WOSC</th>
<th>SONC</th>
<th>HOSC</th>
<th>OTT</th>
<th>OSOU</th>
<th>TR</th>
<th>CA</th>
<th>Board</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85 Base Budget</td>
<td>68,359,000</td>
<td>78,765,000</td>
<td>43,273,000</td>
<td>11,330,000</td>
<td>14,184,000</td>
<td>7,503,000</td>
<td>11,399,000</td>
<td>35,227,000</td>
<td>311,000</td>
<td>8,112,121</td>
<td>2,630,580</td>
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<tr>
<td>ADJUSTMENTS TO THE BASE:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Inflation</td>
<td>(105,732)</td>
<td>211,927</td>
<td>200,501</td>
<td>3,143</td>
<td>62,365</td>
<td>110</td>
<td>147,939</td>
<td>343,194</td>
<td>(3,035)</td>
<td>137,655</td>
<td>75,326</td>
</tr>
<tr>
<td>International Program Assessment &amp; Redistribution (New China Program)</td>
<td>17,000</td>
<td>3,900</td>
<td>2,700</td>
<td>2,500</td>
<td>1,000</td>
<td>(1,000)</td>
<td>(1,500)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>25,000</td>
</tr>
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<td>SALARY ADJUSTMENTS:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Unclassified (incl. OPE)</td>
<td>3,306,141</td>
<td>3,940,588</td>
<td>2,006,137</td>
<td>457,265</td>
<td>655,612</td>
<td>312,676</td>
<td>607,672</td>
<td>1,725,684</td>
<td>15,452</td>
<td>118,472</td>
<td>100,000</td>
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<tr>
<td>Classified (incl. OPE) Estimated</td>
<td>677,108</td>
<td>705,289</td>
<td>386,807</td>
<td>118,929</td>
<td>137,665</td>
<td>69,862</td>
<td>98,830</td>
<td>356,099</td>
<td>2,990</td>
<td>96,751</td>
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</tr>
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<td>RAS/Equity Adjustment</td>
<td>1,750,000</td>
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<td>—</td>
<td>525,000</td>
<td>475,000</td>
<td>90,000</td>
<td>45,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2,885,000</td>
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<td>DECISION PACKAGES:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>New Building Oper. &amp; Maintenance</td>
<td>18,114</td>
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<td>—</td>
<td>149,935</td>
<td>—</td>
<td>—</td>
<td>28,756</td>
<td>—</td>
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<td>196,805</td>
</tr>
<tr>
<td>Facilities Maintenance</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>81,594</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,875,000</td>
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<tr>
<td>Instructional Equipment</td>
<td>502,500</td>
<td>774,375</td>
<td>298,125</td>
<td>58,125</td>
<td>82,500</td>
<td>31,875</td>
<td>127,500</td>
<td>125,000</td>
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<td>—</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Vet. Med. Lab Transfer</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>625,460</td>
</tr>
<tr>
<td>Econ. Dev./Centers of Excellence</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Non-Recurring</td>
<td>1,662,000</td>
<td>963,000</td>
<td>500,000</td>
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<td>—</td>
<td>—</td>
<td>375,000</td>
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<td>678,750</td>
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<td>OECD (Est.)</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>678,750</td>
</tr>
<tr>
<td>Other Funds Resource Distribution</td>
<td>(436,000)</td>
<td>(490,000)</td>
<td>(447,000)</td>
<td>(167,000)</td>
<td>—</td>
<td>—</td>
<td>(96,000)</td>
<td>(82,000)</td>
<td>—</td>
<td>(212,000)</td>
<td>(982,000)</td>
</tr>
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<td>BANDING:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 1985-86 Budget</td>
<td>75,752,131</td>
<td>85,399,499</td>
<td>46,368,205</td>
<td>12,328,325</td>
<td>15,626,898</td>
<td>8,006,523</td>
<td>12,328,441</td>
<td>38,069,977</td>
<td>326,407</td>
<td>8,252,999</td>
<td>4,377,656</td>
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<td>General Fund</td>
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<td>—</td>
<td>—</td>
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<td>—</td>
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<td>197,211,695</td>
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<td>—</td>
<td>—</td>
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<td>—</td>
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<td>—</td>
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<td>105,662,376</td>
</tr>
<tr>
<td>Lottery Fund</td>
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<td>—</td>
<td>—</td>
<td>—</td>
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<td>ADJUSTMENTS TO THE BASE:</td>
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<tr>
<td>Inflation</td>
<td>654,130</td>
<td>802,788</td>
<td>419,827</td>
<td>74,072</td>
<td>92,893</td>
<td>63,871</td>
<td>98,360</td>
<td>227,667</td>
<td>1,026</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>81,594</td>
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<tr>
<td>Econ. Dev./Centers of Excellence</td>
<td>(1,662,000)</td>
<td>(963,000)</td>
<td>(500,000)</td>
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<td>—</td>
<td>—</td>
<td>(375,000)</td>
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<td>(3,300,000)</td>
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<td>Non-Recurring</td>
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<td>SALARY ADJUSTMENTS:</td>
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<tr>
<td>Unclassified (incl. OPE)</td>
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<td>3,608,084</td>
<td>1,294,669</td>
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<td>615,753</td>
<td>294,503</td>
<td>487,749</td>
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<td>Classified (incl. OPE) Estimated</td>
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<td>444,333</td>
<td>243,690</td>
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<td>Total 1986-87 Budget (Tentative)</td>
<td>79,190,517</td>
<td>90,601,298</td>
<td>48,856,391</td>
<td>12,999,501</td>
<td>16,422,271</td>
<td>8,408,620</td>
<td>12,976,812</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>214,337,456</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>107,741,175</td>
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<tr>
<td>Lottery Fund</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>500,000</td>
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</table>

1985-86 Budget as a % of the BAS Model:

<p>| 70% | 71% | 72% | 69% | 72% | 73% | 73% |</p>
<table>
<thead>
<tr>
<th>Item</th>
<th>1984-85 Base Budget</th>
<th>1985-86 Budget</th>
<th>1986-87 Tentative Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>Statewide Public Services</strong></td>
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<td></td>
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<tr>
<td><strong>1985-86 Budget Allocation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1986-7 Tentative Allocation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agriculture, Environment &amp; Scientific</strong> (AES)</td>
<td>17,851,423</td>
<td>18,296,667</td>
<td>19,679,394</td>
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<tr>
<td><strong>Cooperative Extension Service</strong> (CES)</td>
<td>14,769,250</td>
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<td>16,993,506</td>
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<td>3,870,972</td>
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<td><strong>DC</strong></td>
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<td><strong>ADJUSTMENTS TO THE BASE:</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Inflation</strong></td>
<td>57,152</td>
<td>62,5420</td>
<td>89,475</td>
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<tr>
<td><strong>Other</strong></td>
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<tr>
<td><strong>Health Care Envr. Change</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shared Medical System</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gifts, Grants &amp; Contracts Limitation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total 1985-86 Budget</strong></td>
<td>18,296,667</td>
<td>16,072,185</td>
<td>19,679,394</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td>11,870,548</td>
<td>12,789,308</td>
<td>13,503,930</td>
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<tr>
<td><strong>Other Fund</strong></td>
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<td><strong>ADJUSTMENTS TO THE BASE:</strong></td>
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<tr>
<td><strong>Inflation</strong></td>
<td>89,475</td>
<td>94,134</td>
<td>21,083</td>
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<td><strong>Other</strong></td>
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<tr>
<td><strong>Shared Medical System</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total 1986-7 (Tentative)</strong></td>
<td>19,679,394</td>
<td>16,993,506</td>
<td>20,821,424</td>
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<td><strong>General Fund</strong></td>
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<td>6,763,903</td>
<td>4,204,207</td>
<td>7,317,594</td>
</tr>
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</table>
Discussion and Recommendation by the Committee

Mr. Quenzer presented the various elements in the operating budget to the Committee.

Mr. Hensley inquired how the age of equipment was reflected in the equipment allocations to the institutions. Mr. Quenzer responded that the BAS Model was not attempting to address replacement of existing inventories at this time because those institutions with the most equipment would receive the greatest share of the $2 million appropriated by the Legislature. The proposal is to address the inequities that exist in the equipment budgets based upon the need. He noted that some institutions were receiving substantial increases in their equipment budgets over what they presently spend in order to reduce or eliminate those inequities. The need for equipment is based on the disciplines and students at the institutions. He commented that an additional $3.5 million had been provided from lottery funds for renewal of specific scientific equipment.

Committee members inquired whether there had been any objections from the institutions to the method of allocation. It was stated the allocations had been discussed with the presidents. The BAS Model had been used as a guide to reach the common goal of equity as measured by the Model.

President Olum indicated he was not objecting in any way to the distribution and he was convinced that every effort had been made to achieve a perfectly fair allocation. He said there had not been an opportunity for extensive study of the material, nor were the institutions aware of the situation at other institutions. For that reason, he said he wanted to reserve the opportunity to discuss the equipment distribution at some future time if issues developed. He was assured he would not be precluded from future discussion.

In response to questions, the Chancellor and Mr. Quenzer explained the procedure for assuring that salary anomalies had been corrected. The Chancellor said he believed the best procedure was for the president to meet with deans and department chairmen and analyze individual backgrounds of the people in each department or area. Any anomalies which appear should be corrected. Funds provided for this purpose will be allocated to the institutions on the basis of an arbitrary estimate. If additional money is required, the institutions must take the necessary amount from other areas of adjustment. If the needs are less, the balance can be utilized for other types of adjustment as enumerated. A report to the results of this procedure and analysis is to be made to the Chancellor's Office so that it will be available to the Board for review.

In response to Mr. Ailtucker's concern with this procedure, the Chancellor indicated that the presidents were very sincere in wanting to remove the anomalies and had assured him that they would devote the necessary time and personal attention to this matter.

With respect to salary adjustments for market conditions in certain disciplines, Mr. Lemman said the amounts represented adjustments to the base of the total salaries in those disciplines or departments at every institution where they existed. The president of the institution will determine how the dollars are to be allocated within those disciplines. The money must be spent, and the expenditures will be monitored in the Budget Office so that information will be available to document use of the money for the purpose for which it was received.

Mr. Hensley said a recommendation would be presented to the Board to consider an additional $200,000 in support for the Regional Services Institutes. He said it would appear such an allocation would be most difficult under the allocation method described in the budget presentation.

Mr. Quenzer indicated that if the Board directed the allocation of the money for the Regional Services Institutes, it would require a reallocation of what was being presented in the operating budget in direct proportion to the recommendation for the Regional Services Institutes.
The Board would have three options to finance the recommendation: (1) a reallocation by cutting all institutions; (2) allowing a time period prior to implementation for the staff to determine how it could be financed; or (3) making a new request to the Legislature for funding.

Mr. Petersen said the recommendation would direct the Chancellor to look for appropriate sources of funds based on the final budget appropriation.

The Chancellor commented that there was very little flexibility in the Central Office budget this time. This makes it very difficult to respond to some of the needs that develop during the biennium.

Board Discussion and Action

Mr. Perry noted that the budget had been discussed in some detail in the Finance Committee and suggested that Mr. Lemman respond to any questions concerning the budget.

Mr. Petersen said Mr. Alltucker’s comments had reflected the feelings of the Committee. He requested him to repeat his statements.

Mr. Alltucker said the Legislature had given the Board a vote of confidence and trusted the Board to prove worthy of that confidence.

Mr. Lemman was requested to repeat his comments during the Committee discussion of the biennial budget with respect to the commitments made to the Legislature. Mr. Alltucker said the Board should be aware these commitments were made and would be followed.

Mr. Petersen reviewed briefly the Committee discussion, noting that the budgets for the institutions were very close in terms of the percentage of the budget indicated by the BAS Model.

The Chancellor said the salary distribution had been discussed at length with the presidents. The main distinctions were in the disciplines which applied to all institutions having those disciplines. The latest discussion came in regard to peer group adjustments where seven of the eight institutions were in agreement. For the entire allocation system there was substantial agreement, although each institution had concerns in some areas. He said President Blumel had requested an opportunity to address the salary distribution and the adjustments for Portland State University. The Chancellor referred the Board to Table II, which showed the average salary for Portland State University is between those of the University of Oregon and Oregon State University. The University of Oregon is slightly higher because, even though law school salaries are low compared to the national salaries, the impact of the law school salaries increases the average salary for the University of Oregon by about $400 per faculty member. He also referred the Board to other tables in the report which showed Portland State University slightly above Oregon State University.

The Chancellor stated that Portland State University has been concerned because the peer group is not considered appropriate for that type of institution. What has happened for a number of years, and would continue to occur with this projection and the salary adjustments, is a comparison of Portland State University with its peer group. However, for a number of years, Portland State University in actuality also has been compared to, and funded, on approximately the same basis as Oregon State University and the University of Oregon as far as salaries are concerned. The Chancellor commented that the way in which an institution distributes its salaries makes a difference. Average salaries may be the same, but there may be great disparities among ranks, depending on the percentage of faculty in those ranks.

President Blumel said the Chancellor had summarized the circumstances rather well. He pointed out that the Board, with this particular method of distributing salary improvement money, would be departing from long-standing Board policy with respect to the treatment of Portland State University.
In the early 1970's, the Board adopted a policy of eliminating the salary gap between Portland State University and the other two universities. For three successive biennia, additional allocations were made to Portland State University to accomplish this. A period of retrenchment followed with the termination of junior faculty members. This eliminated the salary gap by virtue of the change in the rank structure of the faculty.

President Blumel said that adopting the distribution presented in Table III would be reversing the policy of the Board and creating a salary gap. He pointed out that the collective bargaining agreement defined the target salary for Portland State University as being the same as for the University of Oregon as far as the comparators are concerned.

He said he was disturbed also by the problem of appropriate comparator institutions because category II-A institutions are a very broad range of institutions.

President Blumel said consideration needs to be given to the long-term goals and mission of Portland State University since these changes relate to salary questions. There is substantial opinion that the institution should develop as rapidly as possible into a comprehensive research university, and there are others who do not believe that it should. All of these issues are related, and the way in which the distribution is structured will, if continued, create substantial salary differences.

In response to Mr. Perry, Mr. Lemman read the Budget Note to Senate Bill 5506, the operating budget for the Department of Higher Education. It stated: "The Board of Higher Education shall plan for a change of status for Portland State University from that of a comprehensive university to that of a comprehensive research university, with the accompanying changes in admission standards for students and faculty staffing patterns, and to be accompanied by an additional incremental state contribution to the State System of Higher Education base budget."

The Chancellor said he would question whether the percentage difference because of peer group adjustment meant that Portland State University was being treated differently if the overall effect was similar. In other words, does the policy mean that Portland State University should be treated similarly to the University of Oregon and Oregon State University in terms of the dollars for average faculty salaries, or does it mean that the percentage should be exactly the same in terms of the percentage adjustment.

The Chancellor said the difficulty was in arriving at an appropriate peer group. He cited some of those selected for comparison with Portland State University. One group was based on all of the II-A comprehensive universities under the AAUP classifications with enrollments between 9,000 and 20,000, in cities with populations of 200,000 or more. The institutions in this group offer the same types of degree programs and are similar metropolitan universities. Another comparator group consisted of selected urban universities. He said in any of the peer groups, Portland State University ranks from 97-100% of the peer group.

The Chancellor said the contention was that the peer group was not appropriate and that the appropriate peer group for Portland State University was Oregon State University and the University of Oregon. Since there is a change in the relative position at those institutions, a standing policy with respect to Portland State University has been changed. President Blumel concurred that this was a fair statement of the issue.

Mr. Batiste said he would be interested in data from states which had both a comprehensive university and a comprehensive research university.

Mr. Harms said he did not understand the argument that Portland State University was being treated differently because it would appear that Portland State would be higher than the other two institutions at the end of the biennium.
President Blumel said he did not question where Portland State would be at the end of the biennium but he did question the change in Board policy if this were continuing policy. Over a long period of time, the effect would be to create substantial disparities.

Mr. Alltucker said he was not prepared to address the policy issue. He indicated the joint planning group was meeting regularly and would have long-range plans for the delivery of educational services within the state by fall of 1986. The future of Portland State University and all other programs will be woven into that plan.

Mr. Perry concurred that the matter could not be resolved at the present meeting. He said President Blumel had made it very clear he was not questioning the next two years because the end result of that period is comparable. He said President Blumel was questioning whether policy had been changed and how this related to the Budget Note request of the Legislature.

President Blumel said this was his principal concern.

Mr. Perry said the minutes of the meeting should record the discussion of this concern and the issue should be a subject for the interim study. This would be required, in any event, to respond to the request in the Budget Note.

President Blumel said it would be his preference also to have a larger peer group but his fundamental concern was the policy issue.

The Chancellor said the recommendation in terms of the allocation of funds did bring out that even though there was a difference in the percentage, the end result was approximately the same and did not substantially alter or change past policy or attitudes toward Portland State University. He said he interpreted the concern as adoption of a policy which again would divide Portland State sharply from the other two universities, so that at a time when Portland State University assumed the role of a research university, there would be a large gap. He said the recommendation did not reflect a long-term policy decision. It was a recommendation of the staff for the allocation of the 1985-1987 budget. It treats the institutions fairly and does not alter sharply the relationships. The policy issue would be considered later.

President Blumel said that would be acceptable except that he would prefer a larger peer group at this time.

Attention also was called to the fact that there was a variation in the percentages for the regional colleges which would require further analysis of the data. Those institutions have been very close in the past.

Mr. Petersen said the instructional equipment allocations were based on the application of the BAS Model. The allocations do not reflect places where it is necessary to replace equipment. The replacements would be covered in some instances with lottery fund money appropriated for those purposes.

Mr. Hensley noted that the Board had recommended $20 million for indigent care at University Hospital and the Legislature subsequently had appropriated a little over $4 million. In reviewing the narrative on this subject, Mr. Hensley said he noticed that the hospital will need to consider options of decreasing the levels of indigent care or further increasing rates. He said it was his understanding the hospital currently had some of the highest rates in the area and he would be concerned about its remaining competitive if rates were increased.

Mr. Lemman said the $4 million appropriated was a portion of the larger request intended to address the needs of the hospital in meeting its extraordinary indigent care costs, above and beyond those that are expected of
all community hospitals, for the cost attendant to the teaching function of the hospital. There was an additional request of just under $11 million for remodeling. Presently, all remodeling must be financed by the hospital mainly through patient fees and General Fund subsidy. The Legislative Assembly included in the bond authorization bill the entire amount requested for hospital remodeling, but only authorized as projects the remodeling of the operating suites and radiology facilities to put them together for more efficient operation. This was done with the understanding a total of 15 positions would be eliminated as a result. The savings would be sufficient to finance the debt service on the remodeling.

The Legislature did not approve any increases in revenue beyond the 3% increase in patient fees already contemplated in the budget. It was, therefore, necessary to examine the hospital's budget and programs to balance revenues and expenditure items. Revisions in the financial plan for the hospital for the next two years will be brought to the Board at a later time.

President Laster said the economics of health care were undergoing a change in which no provision has been made for the educational and research components of university hospitals and an answer must be forthcoming or the tools needed to generate the next generation of physicians, nurses, and dentists will be lost. An academic health center requires a university hospital to train people, and it is insufficient to train them only with members of the upper middle class. Illness in the indigent may be complicated by other factors. The care of the indigent segment of the population is not simply a welfare activity but an integral part of the tools to provide an appropriate education. When that responsibility is added to an academic health center, it is also serving a societal purpose for the state. The educational and societal purposes get mixed together, and the issue becomes confused in seeking legislative appropriations.

President Laster said the expenditure budget for University Hospital is $100 million. It provides $34 million of indigent care. That amount would be $21 million if the hospital were a conventional community hospital. The extra amount occurs because the hospital is seen traditionally as the place where they have to take one, and it is also the place that can do things other places cannot do. Being an educational institution costs $10 million because of the residency program. The required retirement program adds another $5 million to the costs above those of a traditional community hospital. Against that $49 million of additional costs, the state has been contributing $15.5 million which has reflected a progressive erosion of state support. Approximately ten years ago, county help and state contributions amounted to 80% of the budget from outside sources. Outside support is now about 15%. If the state had continued the same level of support, it would be providing $44 million instead of $15.5 million.

President Laster said the hospital has improved its efficiency to the extent possible within the limits of a physical plant that needs upgrading for economic efficiency and rationality. A better job has been done of collecting revenues, and some remodeling has been accomplished. This has been done at the expense of delaying the purchase of equipment and making necessary repairs.

President Laster said the rates charged at the hospital were $200 higher than the average of the community hospitals in the area, half of which is because the hospital is dealing with sicker people. The remainder is due to the educational function and inefficiencies of the plant. If these responsibilities were assigned elsewhere, someone else would have to pay for those costs.

There are only two ways to balance the budget, raising rates or reducing indigent care. Rates are already substantially higher which severely limits that option.
President Laster reviewed the legislative request and funding. He indicated that mixed signals had been received from the Legislature with respect to indigent care. He said the institution would need the support and the Board's understanding of the hospital's operation to meet this management challenge and to seek funds from other sources.

Mr. Perry inquired whether it would be possible to improve the paying patient load.

President Laster said the hospital was making it known that the institution had resources which could not be obtained elsewhere in the state. With respect to advertising, President Laster said society has made health care a mercantile activity, thus threatening the value system that underlies medicine, nursing, and dentistry. The academic health center should preserve the value system that has guided these professions, but the state should know and value what is available in its academic health center.

Mr. Hensley asked about the cost factor of providing clinical exposure for students at other hospitals.

President Laster indicated this was a complex cost accounting matter. It costs the receiving hospital something financially, although it gets a great deal in return in terms of intellectual stimulus.

Mr. Petersen then noted the remaining budget segments dealing with the statewide public services.

Mr. Batiste asked whether the Budget Notes would be included in the budget when the budget was mailed to the Board. The Chancellor said all of the Budget Notes would be reported to the Board and would be taken into consideration by staff. The presidents have been advised that accurate records must be kept of the items specific so that interim reports can be made. The presidents also have been directed to meet personally with deans and department chairmen to review all of the salaries in each department to determine if any anomalies exist and should be corrected. Specific expenditures in the economic development packages must be itemized. The Chancellor said it is important to be accountable in these areas of special appropriation for specific needs.

The Board approved the staff recommendation as presented and approved by the Committee. The following voted in favor: Directors Alltucker, Batiste, Clark, Harris, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

OREGON BOARD OF HIGHER EDUCATION
ECONOMIC DEVELOPMENT IN SOUTHERN AND EASTERN OREGON
REPORT AND RECOMMENDATION OF THE SUBCOMMITTEE

REVIEW

In January and May of 1985, the Board of Higher Education heard presentations from Southern Oregon State College (SOSC) and Eastern Oregon State College (EOSC) regarding Economic Development in Southern and Eastern Oregon. Specific proposals were received from each of the two schools.

These reports and requests were assigned to a subcommittee (Members Petersen, Flanagan, and Hensley) for specific recommendations to the Board at the June 1985 meeting.

The committee makes the following comments and recommendations: (Board members are referred to specific detailed information contained in Board documents from earlier meetings as well as the attached Tables and Exhibits.)
CAPITAL CONSTRUCTION REQUESTS

Capital Construction requests for the 1985-1987 Budget were forwarded to
the Governor in August of 1984 and are now under review by the Legislature.
To maintain the integrity of the budget process the Board has agreed not
to modify such requests for tax-supported projects once the budget request
is submitted.

Therefore, the Capital Construction requests are referred to the Office of
Facilities Planning for review and possible inclusion in future budget requests
using the generally-accepted criteria for capital construction planning.

PROGRAM DEVELOPMENT

Requests regarding new program development and/or enhancement are
referred to the Office of Academic Affairs for processing in keeping with
normal Board policy, with the recommendation that they be reviewed within
a reasonable time consistent with the normal practices of that office used in
program proposal evaluation.

REGIONAL SERVICES INSTITUTES

This report now narrows its focus to the Regional Services Institutes at
SOSC and EOSC. These are existing programs established by statute in
1979. This narrowing of focus is in keeping with indications from Board
members that this should be the approach at this time.

Each of the two Regional Services Institutes (RSI) have chosen to address
the needs of their respective regions in a different fashion but with the
same goals and objectives as provided in the statute.

Eastern Oregon State College has developed a successful and energetic
grants program which has proven to be highly successful in terms of the
cost/benefit ratios demonstrated. (See EXHIBIT ONE). An impressive list
of projects illustrates the success of this approach. This grant writing
approach is based on their successful building of a solid foundation in
planning, research, and development. Their request is to further enhance
this focus through the addition of special expertise from both within and
outside of the System of Higher Education plus additional support services.

Southern Oregon State College has also developed a strong support staff
with a research, planning, and development approach. Southern Oregon
State College has indicated a need for a grants writer as well as other
staff, including a records librarian. The Committee recommends the addition
of a grants writer which would enable Southern Oregon State College to
develop more fully its potential and to meet the needs of the Regional
Services Institute. (See EXHIBIT TWO.)

In reviewing the "Oregon Laws 1979" it became clear that the intent of the
Legislative Assembly was to provide equal funding for both Institutes.
(See Oregon Laws, Chapter 619, Section One.) The committee recommendation
would maintain this policy of equal funding.

The committee report and recommendation fulfill three committee goals:

1. To meet the basic goal of furthering economic development in
the Southern and Eastern regions of Oregon as agreed by previous
Board action. This goal was also addressed at great length by
the 1979 Legislative Assembly and is embodied in Oregon Laws
1979, Chapter 620, Section One, paragraphs one through three
and Section Two, paragraphs one through ten.

2. To fund each RSI on an equal basis. (NOTE: State funds
were allocated equally since Regional Services Institutes are
strictly "resource based" and not a function of enrollment, population,
or geographic size.)
3. To provide each institution with the capability of grants writing, staff research capability, and data resource base, as well as service and supply funds.

SOURCE OF FUNDS

At the time the committee was discussing this proposal, the Legislature had not made its decision on the total funding of the Higher Education Budget. Following final legislative action on the budget, the committee is recommending that the Chancellor's staff explore the possible alternatives for additional state funding of the Regional Services Institutes.

Institution budget support would be those funds allocated within each college budget as determined by the President. The funding may be at any level. However, it is the intent of the committee that State Board funds be allocated equally for both Regional Services Institutes.

REPORTING

The committee believes that an annual report (in a format prescribed by the Board's Office) should be prepared for the Board illustrating the work of the RSI at each institution. This brief report would show cost/benefit ratios, potential and real jobs created, and other pertinent information, including how the RSI has met or is planning to meet the goals and objectives as stated in the statute.

CONCLUSION

This report concludes a six-month's effort by the Board to acquaint itself with the role of SOSC and EOSC in their economic development efforts, in particular the work of their Regional Services Institutes.

It should be noted that the Chancellor received (in late May) requests regarding Regional Services Institutes from OIT and WOSC. They have not been addressed in this report because the committee was charged with developing recommendations relative to SOSC and EOSC by Board motion and are working with already approved programs. New program requests are referred to the Office of the Chancellor.

(Note: The Chancellor and Board are referred to Oregon Laws 1979, Chapter 620, Section 1: This lists specific criteria used in establishing the two Regional Services Institutes now existing. It appears that any new RSI may require legislative action under new guidelines. The committee further recommends that further study be made of the role OIT and WOSC may play in economic development in keeping with their missions.

RECOMMENDATION

The subcommittee has met and conferred with the Board's staff about this proposal. It was the committee's recommendation that this report be adopted by the Board as part of its economic development package and that funding be made available as follows: an additional $200,000 is to be allocated for the Regional Services Institutes at Eastern Oregon State College and Southern Oregon State College using a formula that would equalize state funding at these two institutions. This would make state funding of each Regional Services Institute at a level of $212,000 each biennium. It was the committee's further recommendation that the Chancellor's staff prescribe standard budget and accounting procedures for the Regional Services Institutes, and that this accounting format is to be used in making the annual report called for in this proposal.
### TABLE 1
REGIONAL SERVICES INSTITUTES 1984-1985 BUDGET

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>RSI Budget</th>
<th>Other Institutional Budgets</th>
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<td>.50 Research Associate (Trivers)</td>
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<td>1.0 Classified (Sawyer)</td>
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</table>
EASTERN OREGON STATE COLLEGE REGIONAL SERVICES INSTITUTE
COST/BENEFIT ANALYSIS

A. Cost of Operating RSI, July 1, 1979 to June 30, 1985

1. Funds attributable to appropriation by HB 2034 $444,752
2. EOSC contribution, including RSI director's salary and OPE 196,925
   Total $641,677

B. Benefit to Community in Terms of Major Projects and Activities Funded and/or for Which Funding is Pending, July 1, 1979 to June 30, 1985

1. RSI supported projects funded and in progress or completed (as of May 13, 1985) $3,266,678
2. RSI supported projects with funding pending of which 75 percent certain all or portion of funding will be received 6,735,959
   Total Projects Funded and/or Pending $10,002,637

C. Benefit to Eastern Oregon in New "Export" Dollars Brought Into Region From State, Federal, and Private Sources for Specific Projects

1. Funded and/or Completed Projects: $3,266,678 divided by $641,677 equals a $5.09 return for each state dollar invested.
2. Projects for Which Funding Pending: $6,735,959 divided by $641,677 equals a $10.50 return for each state dollar invested.
3. Combined: $10,002,637 divided by $641,677 equals a $15.59 return for each state dollar invested. (Hypothetical as a number of the projects included in funding pending total will not be funded this fiscal year and will involve additional budget dollars expended to support RSI effort.)

D. Examples of Other Benefits

1. Dollar savings have been realized as a result of bringing educational opportunities to eastern Oregon, e.g., water quality short courses, and completing studies at no cost where communities and business lacked resources.
2. Jobs have been created as a result of RSI supported projects, e.g., Northeast Oregon Waste Wood, 61 jobs; North Powder Water System, 145 jobs; Sumpter Valley Railroad, 21 jobs.
3. New cooperative networks and working relationships have resulted in improved student experiential learning opportunities and more expertise focused on solving problems.
EXHIBIT TWO

Southern Oregon Regional Services Institute

Economic Development Impact

A. Cost of operating the Regional Services Institute from July 1, 1979 to June 30, 1985.
   1. Funds attributable to appropriation under House Bill 2034. $ 397,075
   2. SOSC contribution, including .25 Director's salary and OPE, space and maintenance. 96,825
   3. SBA/State of Oregon - Small Business Development Center Grant - Mar. '84 thru June '85. 28,827

   TOTAL----------------------------------------------- $ 522,827

B. SOSC grants and contracts activity generated thru Regional Services from federal, state and private sources for specific projects.
   1. Funded dollars and/or completed projects $1,254,064
   2. Pending project proposals - based on experience in past years, about 1/3 will be funded. 900,000

   TOTAL----------------------------------------------- $2,154,064

NOTE: The above figures do not include grants and contracts to agencies other than SOSC. SORSI activities have contributed to the funding of several large construction projects in Jackson County (e.g. The Rogue Valley Mall $25,000,000; expansion of the Medford/Jackson County Airport 3,150,000). In addition SORSI provided demographic and economic data for numerous grant proposals by other agencies (e.g. cities, counties, intergovernmental agencies and arts groups). SORSI also provides information to other agencies regarding appropriate funding sources.

C. Benefits to SOSC from quantifiable prjects (SOSC grants and contracts) from state, federal and private sources.
   1. Funded dollars and/or completed projects $1,254,064/$522,727 $ 2.40
   2. Pending projects $900,000/$522,727 $ 1.72
   3. Combined funded and pending projects $2,154,064/$522,727 $ 4.12
D. Benefits from nonquantifiable projects

1. Research activities -
   Small Business Institute total cases for reporting period - 80 '84-'85 = 25.

   Other business research projects - total studies for reporting period - approx. 250. '84-'85 = 30.
   Research is performed yearly by seven sections of undergraduates numbering approx. 215 students and one graduate section numbering 25, supervised by 2 School of Business faculty members.

   Regional research - performed by SORSI staff. One large community research project per year.

2. Data collection and dissemination - for grantwriting, marketing studies and economic development promotion - using census information and other regional data. SORSI averages 10 requests for information per week, requiring from 10 minutes to one hour each to fill. Additionally, several major projects requiring use of graduate students for as much as a term in length have been completed. Among these have been the development and updating of fact books for the Ashland and Greater Medford Chambers of Commerce and population estimates for the Jackson County 911 emergency system.

3. Small Business Development Center one-on-one counseling and workshops (September 15, 1984 - May 15, 1985)

   Workshops - 26        Attendees - 395

   Counseling Sessions - 38
Board Discussion and Action

It should be noted that comments concerning the Regional Services Institutes were made during the discussion of the budget. They appear on pages 221-222 of these minutes.

Mr. Petersen reviewed the previous report on the Regional Services Institutes and indicated this was the final report following a conference telephone call between members of the Board's committee reviewing the Regional Services Institutes and members of the Board's staff.

He indicated that program development requests would be referred to the Office of Academic Affairs for review in accordance with normal Board procedures. The focus of the present report is the Regional Services Institutes as they now exist. He described the development and financing of these institutes. He moved adoption of the recommendation in the committee's report.

Mr. Batiste said the proposed action merely recommended that the Chancellor make every effort to fund this additional allocation, and Mr. Petersen confirmed that this was correct.

The Chancellor explained that all available funds have been proposed to be allocated at this time. If revenue estimates are merely met or are underrealized, there will not be the proposed allocation. Without an express appropriation from the state for this purpose, the only source of funds will be possible overrealized revenue during the course of the biennium.

Mr. Hensley said it was his understanding in supporting the committee's motion that the funds would not be taken from any present allocation proposed in the existing budget. The amount would have to come from other funds yet to be generated. There would be no reallocation of any other funds that have already been appropriated or designated for other institutions or programs.

President Blake said Oregon Institute of Technology actually was serving the functions of a Regional Services Institute although he did not understand why the institution had not sought legislative funding previously. He described briefly some of the activities at Oregon Institute of Technology. He said that when the appropriate time came, or the appropriate mechanism of budget development occurred, Oregon Institute of Technology would like to receive consideration for the services that are already in place there.

In response to questions concerning regional services institutes at the two other regional colleges, it was indicated proposals would be presented to the Chancellor's Office and would be reviewed in the same way as other new program requests.

The Chancellor commented that they should be addressed in the request for the enhancement of existing programs if they are building on existing programs. A request for a new program should be submitted as any other program request for consideration of funding and prioritizing by the Board when the 1987-1989 budget requests are developed a year from now. Capital construction requests would be reviewed with those requests. An enhancement of an existing program or a new program should follow the regular curricular review process.

Mr. Petersen stated that the premise of the review of the Regional Services Institutes was to broaden the scope of CASEERI which started its economic development efforts in Portland and the Willamette Valley.

The Board approved the staff recommendation, with the understanding that the Chancellor would explore ways to fund the request outside of the regular budget allocations already appropriated or designated in the budget. The following voted in favor: Directors Alttucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.
Mr. Petersen reported that the Finance Committee had received an information report on the 1985-86 tuition and fee recommendations. No action was taken by the Committee. The recommendations will be presented at the July Board meeting for adoption following public hearing.

The Oregon High School-College Relations Council, an advisory board representing Oregon's high schools, community colleges, public and private four-year colleges and universities, and educational organizations, has completed a year-long study of educational practices in respect to college-level courses taught for credit in Oregon high schools.

A special committee appointed to review the practices found that approximately 100 high schools and 16 colleges are cooperating in offering these courses. Practices and policies in implementing these programs appear to vary considerably. Committee findings and recommendations for guidelines addressing the need to assure that college courses taught in the high schools for college credit be of the same quality as courses actually taught on the college campus have been adopted by the Council and transmitted to the departments of Higher Education, Education, and the Oregon Independent Colleges Association, with the request that the respective boards adopt the guidelines as policy for the institutions under their control.

The report of the Oregon High School-College Relations Council is found on pp. 3-5 of document entitled, Guidelines for College Courses Taught for Credit in High Schools. The guidelines are found beginning on p. 4. A staff report providing information on participation of State System institutions in programs offering college-level coursework in high schools is found on pp. 7-11 of the full report. A copy is on file in the Board's Office.

The recommendations of the Council have been reviewed by the Chancellor, the Office of Academic Affairs, and the Academic Council. The proposed guidelines represent standards for the conduct of these programs which are both endorsed and observed by the institutions of the State System sponsoring college courses offered for credit in high schools. Adoption of the guidelines by the respective governing boards will provide a standard for high school and college administrators of these programs and for those who will be reviewing the programs in the future which properly directs attention to quality considerations in conduct of these courses.

It was recommended that the Board (1) accept with appreciation the report on college coursework taught in high school prepared by the Oregon High School-College Relations Council, and (2) adopt as the official policy of the Board the following guidelines for the conduct of college courses taught for credit in the high schools as recommended by the Council.

I. Registration and Fees

A. Students who wish to take a "college course for credit" in high school should be required to:

1. Register for the course before the class is taken;
2. Register on college registration materials;
3. Pay a reasonable fee for acquiring the college credit, with reasonable fee to be determined by and paid to the participating college.
4. Be registered by a college representative or an appointed coordinator of college credit coursework at the high school.
II. Course Offerings

A. College-level courses taught for credit in high school should be offered as an enriched, academically accelerated program which is offered in addition to traditional high school-level courses and courses required for graduation.

B. Such college-level course offerings should either be added to a high school's curriculum, or if selected from courses currently in the high school's curriculum, be altered to meet college-level content requirements.

C. College-level courses in high school should use an equivalent textbook commonly used at the college giving the credit.

III. Student Eligibility

A. College-level credit courses in high school should be open only to academically well-qualified seniors.

B. Exceptions to the "senior only rule" should be made on an individual, case-by-case basis and mutually agreed to by both the college and high school; such exception should be contingent on a specific academic assessment of a student's readiness for the course, with final decision made by a college representative.

IV. Student Evaluation and College Credit Policy

A. Primary and final evaluation of a student's performance should be the responsibility of the high school teacher.

B. It is also highly recommended that occasionally during the conduct of a course a college representative from the academic department examine a student's work so that the student may benefit from the assessment of a college-level faculty person.

C. All work taken for college credit will be recorded on the sponsoring college's transcript in accordance with the institution's grading policy.

V. Teacher Selection and Teacher/Course Evaluation

A. High school teachers should be approved by the cooperating college department in the appropriate discipline. Qualifications: For most disciplines this will mean a master's degree plus two letters of recommendation less than five years old. In all cases the high school teacher should have qualifications necessary to being hired on a part-time basis in the particular discipline at the college.

B. Evaluation of the teacher and the course should be conducted annually by a college representative for the purpose of maintaining and assuring the college-level quality of the instructional process, course content, and done in accordance with the faculty evaluation procedures at the institution granting the college credit.

C. Results and use of the college's evaluation of both the teacher and college-level quality of the course being taught as it bears upon the college's participation in the program should be at the discretion of the college.
Discussion and Recommendation by the Committee

Mr. Batiste inquired whether a master's degree was required of all instructors for transfer courses taught at community colleges. Mrs. Kahananui indicated that before the community colleges became accredited, the State Board of Higher Education was responsible for the approval of all courses, instructors, and the facilities in which the courses were taught. At that time, the Board established the requirement of the master's degree in the discipline to be taught or a master's degree which included 30 graduate hours acceptable toward a master's degree in the discipline. This has been carried over in the present recommendation.

Mr. Batiste said he did not want to hold the high schools to a higher standard than had been required previously. After a brief further explanation and discussion, it was agreed the language was adequate and did not represent a double standard.

Miss Walling asked about the reasonable fee mentioned under registration and fees. It was indicated that at Portland State University, which has the largest program, the fee was $25 per year to cover the admission process.

There was a brief discussion of the procedure for receiving advance placement credit.

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

Board Discussion and Action

Miss Walling presented the Committee report and recommendation. She indicated the purpose of these programs was to provide enrichment opportunities for high school students who show the ability to succeed in these programs.

The Board approved the Committee recommendation, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Amendment of OAR Chapter 580, Division 10, Admissions and Residence Classifications

Staff Report to the Board

ORS 183.545 requires periodic review of the Administrative Rules of state agencies. The overall review of the Administrative Rules of the Department of Higher Education has been accomplished, and proposed revisions will be brought to the Board for consideration and adoption as they are completed. Revisions and modifications to Division 10 of the Board's Administrative Rules are presented for Board consideration and adoption at this time.

The proposed amendments are needed to describe the Board's standards with respect to admission; to modify, amplify, and provide more precise language with respect to the Board's rules concerning residence classification; and to clarify and coordinate rules with respect to the payment of student fees. The proposed amendments have been developed with the assistance of staff members and committees charged with administration of the Rules and the Board's attorneys; and they have been reviewed by the Academic Council, the student affairs officers, and student and faculty representatives.
Notice was given of the intent to hold a public hearing on the amendments of Division 10 of the Board's Administrative Rules. The hearing was called for 11:00 a.m. on June 4, 1985, with Dr. Joe Sicotte, Associate Vice Chancellor for Personnel Services, as the designated hearing officer. At the appointed time and place, Dr. Sicotte opened the public hearing and inquired whether anyone wished to be heard for or against the proposed amendments. There being no response, the hearing officer declared the public hearing closed. Present at the hearing in addition to the hearing officer were: Mrs. Clarethei Kahananui, Acting Vice Chancellor for Academic Affairs; Mr. Jerry Lidz, Assistant Attorney General; and Mr. Richard Pizzo, Assistant Vice Chancellor for Student Services.

Staff Recommendation to the Board

It was recommended that the Board adopt the proposed amendments to Oregon Administrative Rules, Chapter 580, Division 10, Admissions and Residence Classifications, as set forth below:
DIVISION 10
ADMISSION[S-AND] REQUIREMENTS. RESIDENCE CLASSIFICATION[S], AND PAYMENT OF STUDENT FEES

Admission[s] Requirements

Standards for Admission

580-10-001 (1) The Board sets standards for admission to freshman and advanced undergraduate standing at the institutions. Standards may include but need not be limited to high school graduation, subject requirements, prior college level coursework, standardized test scores, and grades.

(2) Standards may vary by institution and residency classification.

(3) The Board may establish alternatives and exceptions to the standards.

(4) The Board may delegate authority to the institutions to establish enrollment limitations and to set higher and additional standards for admission to academic courses and programs.

(5) The Board shall periodically review admission standards and provide at least one year's notice of any change in standards used in determining admissibility.

Compulsory Pre-Entrance Physical Examination and Immunizations

580-10-005 (1) For the protection of the public health and benefit of the student, the Board requires a physical examination of all students or, at the discretion of the institution, a completed health history questionnaire on a form supplied by the institution, as a condition of enrollment in institutions under Board control.

(2) A report from a private physician may be required in certain instances by institutions using the health history questionnaire. Cases justifying use of a private physician's report include students participating in varsity athletics[, students with special health problems,] and students requiring clearance for participation in physical education.

(3) All students must present appropriate proof of immunizations and tests required by regulations now or hereafter approved by the Board and set forth in the institutional catalogs.

(4) Students declining immunizations on [religious-or] medical grounds may be [admitted] enrolled, but students declining immunizations on the basis of religious conviction may be [admitted] enrolled only if:

(a) They provide a statement from their church or religious organization attesting to their [church] membership and to the fact that immunization is contrary to the religious beliefs of the church or religious organization to which they belong;

(b) They, and in the case of minor or dependent students, their parents or guardians with them, agree in writing, to assume all expense in connection with their care and isolation should they acquire, while students at the institution, [those] a disease[es] for which immunization is required of other students.
Residence Classification

580-10-010 (1) All students shall be classified by the several institutions for admission and instruction fee purposes as resident or nonresident students except students attending a summer session of an institution under the Board's control.

(2) A resident student is defined as:

(a) An unemancipated student whose parent or legal guardian resides in Oregon at the time of the student's registration; or

(b) An emancipated student who meets all residence requirements of sections 580-10-030 or 580-10-041.

{Nonresident Students}

[580-10-015] (3) Except as modified by section 580-10-014 (1) a nonresident student is defined as:

{(1)} (a) An unemancipated student whose parent or legal guardian resides outside of Oregon at the time of the student's registration; or

{(2)} (b) An emancipated student who has not met the residency requirements of sections 580-10-030 or 580-10-041 (4) at the time of registration.

(4) An emancipated student is one whose residence is independent of that of parents or legal guardian, and who receives no substantial financial support from parents or legal guardian.

Determination of Residence

580-10-030 (1) For purpose of this Division of the Administrative Rules, Oregon residence means a bona fide fixed and permanent physical presence established and maintained in Oregon, with no intention of changing residence to outside the state when the school period ends. Factors to be considered include but are not limited to abandonment of any prior out-of-state residence, rental or purchase of a home, presence of family, presence of household goods, length of time in state, nature and permanence of employment, sources of financial support, ownership of property, place of voting, and payment of Oregon personal income taxes.

(2) The same criteria will be used to determine whether a resident who has moved has established a non-Oregon residence.

(3) If institutional records show that the residence of a student's legal custodian, or of an emancipated student, is outside of Oregon, the student shall continue to be classified as nonresident until entitlement to resident classification is shown. The burden of proof will be upon the student to show that the classification should be changed.

(4) In determining the residence classification of any person, recognition is to be given to the principle that residence is not established by mere attendance at a college or university.

(5) An emancipated student who begins residing in Oregon at least six months prior to the time of initial registration shall be considered a resident for purposes of the instruction fee if the student does not attend an Oregon institution of higher education, either public or independent, including a community college, during any part of the six-month period and the student also qualifies as an Oregon resident under the other requirements of section 580-10-030 (1).
(6) An emancipated student notwithstanding 580-10-030 (5) who resides continuously in Oregon for twelve consecutive months and also qualifies as an Oregon resident under the other requirements of section 580-10-030 (1) shall be considered a resident for purposes of the instruction fee.

Residence Classification of Uniformed Federal Military Service Personnel

580-10-035 (1) A person in uniformed federal military service on a full-time basis is qualified for resident classification for fee purposes if that person is assigned to duty in [this state] Oregon, performs duties within the geographical limits of Oregon, and is residing within [the state] Oregon. Claiming Oregon as the person's residence of record for tax or other purposes is not the equivalent of residence in this state.

(2) An Oregon resident entering uniformed federal military service retains Oregon residence classification until it [the claim] is voluntarily relinquished.

(3) An Oregon resident who has been in uniformed federal military service and assigned on duty outside of Oregon is required to return to Oregon within sixty days after completing uniformed federal military service to retain classification as an Oregon resident.

(4) A person who continues to reside in Oregon after separation from uniformed federal military service may count the time spent in the state while in uniformed federal military service to support a claim for classification as an Oregon resident.

Residence Classification of Aliens

580-10-040 (1) An alien holding an immigrant visa [admitted for permanent--residence in the United States] or an A, E, G, I, or K visa, or otherwise admitted for permanent residence in the United States, shall be regarded as a citizen for the purpose of determining residence--[Time toward residence--shall be counted from] effective with the date of receipt of the immigrant visa.

(2) Notwithstanding sections 580-10-010 and 580-10-041, [A] an alien possessing a [student visa or other] nonimmigrant or temporary, i.e., B, C, D, F, H, J, or L visa cannot be classified as a resident.

Changes in Residence Classification

580-10-1025-041 (1) A student enrolling as an entering freshman within one year after graduating from an Oregon high school with [not-less-than] at least one year of regular attendance shall be considered a resident student. If the student transfers to an institution outside of Oregon and later seeks to enroll again in an Oregon Department institution, the residence classification shall be re-examined and determined on the same basis as for any other transfer student.

(2) A student whose nonresident legal custodian establishes [en] a permanent Oregon residence during a school term shall be entitled to register as a resident student at the beginning of the next term.

[(3) If an emancipated student establishes residence outside of Oregon during the school year, the resident fee shall continue to be assessed until the beginning of the fall term of the next school year. Thereafter, the student shall be assessed the nonresident fee.]
(4) An emancipated student who establishes an Oregon-residence as determined by rule 580-10-060 shall pay a nonresident fee unless:

(a) The student establishes an Oregon-residence at least six months prior to the time of initial registration;

(b) The student does not attend an Oregon-institution of higher education, either public or independent, including a community college, during any part of such six-month period. However, an emancipated student who does not establish an Oregon-residence at least six months prior to initial registration at an Oregon-institution, and who resides continuously in Oregon during twelve consecutive months, may be considered an Oregon-resident for fee purposes if circumstances in the case meet the provisions of rule 580-10-060.

[(6)] (3) Once established, residence classification is presumed [until the student provides sufficient evidence to refute the presumption] so long as the student remains in continuous academic year enrollment in the classifying institution.

[(6)] (4) An unemancipated resident student enrolled in a Department institution, who remains in this state after Oregon-residence parents or legal guardian move from the state, shall retain resident classification so long as attendance (except summer sessions) at an institution in Oregon is continuous.

(5) Any student who seeks residence fees under these rules must complete and submit a notarized Residence Information Affidavit by the last day to register for the term in which reclassification is sought.

Review of Residence Classification Decisions

580-10-045 (1) A permanent interinstitutional review committee is established consisting of the officers determining student residence classification at Department institutions and two students appointed by the Chancellor, with a member of the Chancellor’s staff, selected by the Chancellor, as [chairman, shall be established] chairperson. Residence cases of unusual complexity, especially where there may be conflict of rules, may be referred to this committee for decision. Any student who is dissatisfied with the local campus residence classification may appeal to the [interinstitutional review] committee for decision. In exceptionally meritorious [or] hardship cases, totaling not more than 5% of the nonresident enrollment of the institution concerned, this committee may allow exceptions to the residence rules. In evaluating the applications for meritorious hardship exceptions, the committee shall consider the student’s financial resources and obligations, the degree of the student’s need to continue in an educational program without interruption, the student’s past academic performance, the student’s potential contribution to the institutional community, and any other factors which tend to make literal application of the residence classification rules unjust or inequitable under the facts of the particular case. Exceptions shall be limited in number based on the preceding year’s fall term nonresident-fee-paying enrollment by institution and shall not exceed 5% of such enrollment at the University of Oregon and Oregon State University, 7.5% at Portland State University, and 10% of such enrollment at each of the remaining institutions.

(2) A permanent administrative review committee is established consisting of the [Chancellor] Vice Chancellor for Academic Affairs, who shall serve as [chairman] chairperson, the Assistant Attorney General assigned to the Department, one student, and a non-voting member from the Chancellor’s staff, selected by the Chancellor, [shall be established]. [The Chancellor may select a staff member to serve as a voting member of the committee and to preside over committee deliberations if the Chancellor is unable to attend.] A student whose residence classification has been reviewed by the interinstitutional committee referred to in section (1) of this rule, and who is dissatisfied with the decision of that committee, may appeal to the administrative review committee. The decision of the administrative review committee shall be final.
(3) A certification officer designated by the Board shall determine
the residence classification of any person seeking certification as an Oregon
resident, pursuant to the terms of the WICHE Compact. Any person dissatisfied
with the decision of the certification officer may appeal to the administrative
review committee. The decision of the administrative review committee shall
be final.

Payment of Student Fees

Payment of Nonresident Instruction Fee

[580-10-020] 580-10-080 (1) All students who are classified as nonresidents
shall pay a nonresident fee.

{(2)—An Oregon resident student whose classification is changed to
that of nonresident during the school year shall pay the nonresident fee
beginning the fall term of the next school year. The student is obligated
to notify the institution of any change of residence.}

{(3) (2) Refunds of the nonresident fee may be granted if the student
shows that the classification previously assigned was in error, but no such
refund shall be made unless the student applies and submits all supporting
information for residency status prior to the last day to register for the
term in which the student seeks change of status.

Waiver of Nonresident [Tuition-and] Instruction Fee[s]

[580-10-021] 580-10-081 Notwithstanding the provisions of [OAR]
sections 580-10-015 and 580-10[020]080, certain students as [provided below]
identified in this section shall be permitted to pay [tuition-and-fees]
instruction fees at the same rates as Oregon resident students.
When provisions of this section are limited to residents of specific states
or counties, determination of residence in those states or counties
shall be made in the same manner as such determination is made for
those students who are claiming Oregon residency:

(1) Upper-division students or those who have completed an associate
of arts degree at a Washington community college and are residents of Cowlitz.
Clark, Wahkiakum, Skamania, Lewis, Pacific, Grays Harbor, Thurston, and
Klickitat Counties in the State of Washington attending Portland State University,
if it is found that authorities in the State of Washington make appropriate
concessions to some or all residents of Oregon.

(2) All undergraduate nonresidents [of—Oregon] attending Eastern
Oregon State College.

(3) Graduate students who are residents of a participating WICHE state
enrolled in a WICHE Regional Graduate Program at a Department institution.

[580-10-050-(1)] (4) Students attending Oregon graduate or professional schools
under terms of the WICHE Compact [shall be considered residents for fee-
purposes].

Student Exchanges

[580-10-050] 580-10-085 [-(2)] (1) Under the WICHE Student Exchange
Program, certification as Oregon residents for purposes of
attending institutions not under Board control or in other states shall be
guided by rules set forth in Division 10. In order to be considered for
WICHE certification, the student's completed application must be received by
the certifying officer on or before October 15 of the year preceding admission.
An application received after that date in an envelope postmarked not later
than October 15 will be deemed to have been received on the 15th.
(2) (a) The department and separate institutions may enter into agreements with individual institutions in other states or other countries whereby resident students specified by name in the Oregon institutions may transfer to the other institution, and an equal number of students specified by name from the other institution may transfer to the Oregon institution with a reciprocal waiving of additional fees ordinarily assessed to nonresident students in both institutions.

(b) The recommendation for a student exchange program, together with a copy of the proposed agreement between the institutions, shall be approved by the Chancellor or designee before the exchange program is undertaken. Further, the program recommendation and proposed agreement between the institutions shall set forth the reasons why the exchange would be of particular benefit to the students in their chosen study programs, and specify: fees to be paid by incoming and outgoing students; student responsibility for costs of transportation, housing, books, board and room, and other incidentals; responsibility of institutions to assist students in obtaining housing, counseling, and interpreters; procedures to be followed in state entitlement funding and counting credit hours; action to be taken if students do not regularly participate in the academic program being pursued, and procedures for providing transcripts.

(c) If an approved agreement provides for exchange of equal numbers of students, then unforeseen circumstances which later might cause a student to withdraw from the program shall not void the arrangements agreed upon by the two institutions.

(d) Attendance at a Department institution as an exchange student from another state or country cannot be used in establishing residence.

[Student] Enrollment [fee] of Spouse and Dependent Children

580-10-086 (1) The spouse and dependent children of regular Department staff members with a full-time equivalent of at least .50 may enroll as students at resident fee rates in Department institutions.

(2) The spouse and dependent children of Department visiting instructors from other countries or other states with a full-time equivalent of at least .50 may enroll in Department institutions at resident fee rates during the terms that the parent, guardian, or spouse is serving a Department institution as a visiting instructor.

Incidental Fee Guidelines and Procedures

580-10-090 (1) The Board shall establish the incidental fee to be assessed at each institution in accordance with applicable statutes and upon the recommendation of the institution president and the Chancellor. This section shall not impair the entities of student government or the Board under ORS 351.070(1)(d).

(2) The duly recognized student government shall designate student representatives to meet with the institution president (or designee) for the purpose of formulating or modifying guidelines and procedures to be followed at that institution in budgeting, allocating, and recommending the amount of incidental fee income. Such guidelines and procedures (and modifications thereof) shall be subject to approval by the Board. If the student government and the institution president fail to agree, the Board shall formulate the guidelines and procedures.
(3) Guidelines and procedures formulated pursuant to section (2) of this rule shall provide at least for the following:

(a) Designation of either the recognized student government or other entity designated in the established guidelines and procedures (hereinafter cited as other designated entity) with which the institution president communicates.

(b) All student members of incidental fee committees and subcommittees thereof shall be students maintaining at least half-time status.

(c) All meetings of incidental fee committees and subcommittees thereof shall be open to the public and appropriate notice (to be specified in the guidelines and procedures) shall be given.

(d) Budget and allocation recommendations to the president shall be aggregated by three major categories: Student union activities; education, cultural, and student government activities; and athletic activities; and shall be submitted in writing.

(e) The institution president shall within a reasonable time (to be specified in the guidelines and procedures) acknowledge and accept in writing the recommendations of the student government or other designated entity or notify the student government or other designated entity in writing of any modifications under consideration by the president, including reasons for the proposed modification.

(f) The student government or other designated entity shall have a reasonable time (to be specified in the guidelines and procedures) to consider and respond in writing to modifications proposed by the president. If the student government or other designated entity concurs with the president's proposed modifications, such shall be communicated in writing to the president within the specified time. If no response is received within the specified time, the student government or other designated entity shall be deemed to have concurred in the modifications.

(g) If the student government or other designated entity does not concur, such shall be communicated in writing to the president within the specified time. The president (or designee) shall (within the time specified in the guidelines and procedures) then meet with the representatives of the student government or other designated entity to attempt to reconcile the difference.

(h) If the institution president and the student government or other designated entity do not reach agreement within ten working days, either party may request a hearing before the Hearings Board. Within five working days of the request for hearing, the Hearings Board shall conduct a hearing and within five working days thereafter shall make written findings of fact and recommendations for resolution of the disagreement and shall provide such findings and recommendations to both parties. Both parties shall notify the Hearings Board and each other promptly (to be specified in the guidelines and procedures) and in writing whether they accept or reject the recommendations of the Hearings Board:

(A) The Hearings Board shall consist of five members, two appointed by the institution president, two appointed by the student government or other designated entity and one mutually agreed upon. The members shall be selected promptly upon receipt of a request for a hearing. Prior to November 1 of each year, both parties will compile a list of persons mutually acceptable to sit on the Hearings Board. In the event a hearing is requested, the parties shall select the fifth Hearings Board member from this list.

(B) The institution president and the student government or other designated entity shall be given notice of the time and place of the hearing at least 24 hours before the hearing. All meetings of the Hearings Board shall be open to the public and appropriate notice shall be given.
(C) A representative of the student government or other designated entity and the institution president (or designee) shall present to members of the Hearings Board relevant information which may include, but is not limited to, memoranda, budget requests, minutes, and correspondence.

(4) The recommended amount of the incidental fee for the campus shall be made by the president of the institution to the Chancellor. A representative of student government or other designated entity may appeal to the Chancellor the recommendations of an institution president regarding the amount of the incidental fee or the allocation among the three major categories listed in subsection (3)(c) of this section. Allocations among programs and activities within a major category are not subject to appeal. The Chancellor shall order a timely review of the appeal and shall communicate to the parties involved a decision in writing within a reasonable time.

(5) The Chancellor shall recommend to the Board an incidental fee for each institution. Representatives of student government as well as other members of the public may appear in support of, opposition to, or to request modification of the recommended incidental fee in accordance with the provisions of OAR 580-01-005. The Board will concurrently consider appeals of the substantial unresolved differences in the allocation of incidental fees among the three major categories. Except in extraordinary circumstances or upon its own motion, the Board will not consider allocations within a major category.

(6) Within a reasonable time (to be specified in the guidelines and procedures) after final action by the Board, the president shall confer with the student government or other designated entity in making any necessary adjustments in the allocations and shall communicate the final action of the Board and the president in writing to the student government or other designated entity.

Board Discussion and Action

Mr. Clark inquired whether there was a conflict in the regulations referring to residency status. In one place, residency may be acquired by being a resident of Oregon and not attending any State System college or university. The regulation on students enrolling for seven or fewer credit hours indicates students are assessed a fee appropriate for the level of course taken without regard to residency status. He said this would appear to permit a student to take courses during the first six months, if the student did not exceed seven credit hours, and the student would still be eligible for resident status at the end of six months.

Mrs. Kahananui indicated this was not correct. A part-time student does not have to be classified as a resident or a nonresident for fee purposes because the student is not paying the nonresident fee. At the time the student is admitted and enrolled as a full-time student, a residency classification is made because the fee provision comes into effect. These are long-standing provisions which have been stated in a more positive fashion in the revised rule.

In response to a question concerning the effect of the possible reciprocal agreement with the State of Washington, Mrs. Kahananui indicated it would be necessary to modify Division 10 further if the reciprocity agreement is extended.

The Board approved the staff recommendation and adopted the proposed amendments on roll call vote, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.
Staff Recommendation to the Board

It was recommended that the Board authorize the transfer of $13,316.90 from Excess Sinking Fund reserves in the commingled Student Building Fee Sinking Fund to cover the costs incurred in connection with the 1984A bond issue for which all bids were rejected. The costs consist of printing of the Preliminary Official Statement, publication of Notice of Bond Sale, services of bond counsel, and costs assessed by the State Treasurer's Office. Normally such costs are charged against bond funds allocated to the projects for which the bonds were sold.

Oregon Revised Statutes do not authorize charging such expenses directly to the Sinking Fund account. However, ORS 351.460(4) permits the Board to transfer to other accounts those sinking funds in excess of current needs, taking into consideration expected future income. The proposed transfer is in accord with these standards.

Board Discussion and Action

In presenting the report, Mr. Lemman indicated that many times the costs would be saved when these bonds are offered again for sale because of the declining bond rate.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

$6,280,000 State of Oregon, State Board of Higher Education Building Bonds, Series 1985 A, Article XI-F(1) (Revised)

Staff Recommendation to the Board

The Board approved the issuance of $6,280,000 State of Oregon, State Board of Higher Education Building Bonds, Series 1985 A, at the meeting of May 17, 1985. The authorized maturity schedule and redemption provisions were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal (in $)</th>
<th>Year</th>
<th>Principal (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1986</td>
<td>210,000</td>
<td>July 1, 2001</td>
<td>210,000</td>
</tr>
<tr>
<td>July 1, 1987</td>
<td>235,000</td>
<td>July 1, 2002</td>
<td>225,000</td>
</tr>
<tr>
<td>July 1, 1988</td>
<td>265,000</td>
<td>July 1, 2003</td>
<td>250,000</td>
</tr>
<tr>
<td>July 1, 1989</td>
<td>285,000</td>
<td>July 1, 2004</td>
<td>270,000</td>
</tr>
<tr>
<td>July 1, 1990</td>
<td>315,000</td>
<td>July 1, 2005</td>
<td>285,000</td>
</tr>
<tr>
<td>July 1, 1991</td>
<td>85,000</td>
<td>July 1, 2006</td>
<td>155,000</td>
</tr>
<tr>
<td>July 1, 1992</td>
<td>90,000</td>
<td>July 1, 2007</td>
<td>170,000</td>
</tr>
<tr>
<td>July 1, 1993</td>
<td>100,000</td>
<td>July 1, 2008</td>
<td>190,000</td>
</tr>
<tr>
<td>July 1, 1994</td>
<td>115,000</td>
<td>July 1, 2009</td>
<td>205,000</td>
</tr>
<tr>
<td>July 1, 1995</td>
<td>125,000</td>
<td>July 1, 2010</td>
<td>225,000</td>
</tr>
<tr>
<td>July 1, 1996</td>
<td>135,000</td>
<td>July 1, 2011</td>
<td>245,000</td>
</tr>
<tr>
<td>July 1, 1997</td>
<td>145,000</td>
<td>July 1, 2012</td>
<td>270,000</td>
</tr>
<tr>
<td>July 1, 1998</td>
<td>155,000</td>
<td>July 1, 2013</td>
<td>295,000</td>
</tr>
<tr>
<td>July 1, 1999</td>
<td>170,000</td>
<td>July 1, 2014</td>
<td>325,000</td>
</tr>
<tr>
<td>July 1, 2000</td>
<td>190,000</td>
<td>July 1, 2015</td>
<td>340,000</td>
</tr>
</tbody>
</table>

Bonds maturing after July 1, 2000, are subject to call and redemption at the option of the State, on July 1, 2000, and on any interest payment date thereafter at par value.

The financial consultant, Evensen Dodge, Inc., retained to assist the Board with the advance refunding issue, Series 1985 B, and the State Treasurer have recommended a modification of the maturity schedule and redemption provisions. It is believed that such revisions will assist in the marketing of the bonds and perhaps generate more favorable bids. The maturities are adjusted to $25,000 increments and the redemption process in accelerated by five years with a declining premium feature. The State Treasurer has now decided that it is more appropriate for the State to use true interest cost calculations for bond bidding purposes rather than net interest cost. The necessary change to the previous bond resolution to accommodate this factor has also been included.
It was recommended that the Board approve by roll call vote the following revisions to the bond resolution, Series 1985 A, adopted May 17, 1985:

BE IT FURTHER RESOLVED that the bonds be advertised for sale on a maturity schedule as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1986</td>
<td>$225,000</td>
<td>July 1, 2001</td>
<td>$200,000</td>
</tr>
<tr>
<td>July 1, 1987</td>
<td>250,000</td>
<td>July 1, 2002</td>
<td>225,000</td>
</tr>
<tr>
<td>July 1, 1988</td>
<td>275,000</td>
<td>July 1, 2003</td>
<td>250,000</td>
</tr>
<tr>
<td>July 1, 1989</td>
<td>275,000</td>
<td>July 1, 2004</td>
<td>250,000</td>
</tr>
<tr>
<td>July 1, 1990</td>
<td>325,000</td>
<td>July 1, 2005</td>
<td>300,000</td>
</tr>
<tr>
<td>July 1, 1991</td>
<td>100,000</td>
<td>July 1, 2006</td>
<td>150,000</td>
</tr>
<tr>
<td>July 1, 1992</td>
<td>100,000</td>
<td>July 1, 2007</td>
<td>175,000</td>
</tr>
<tr>
<td>July 1, 1993</td>
<td>100,000</td>
<td>July 1, 2008</td>
<td>175,000</td>
</tr>
<tr>
<td>July 1, 1994</td>
<td>100,000</td>
<td>July 1, 2009</td>
<td>200,000</td>
</tr>
<tr>
<td>July 1, 1995</td>
<td>125,000</td>
<td>July 1, 2010</td>
<td>225,000</td>
</tr>
<tr>
<td>July 1, 1996</td>
<td>125,000</td>
<td>July 1, 2011</td>
<td>250,000</td>
</tr>
<tr>
<td>July 1, 1997</td>
<td>150,000</td>
<td>July 1, 2012</td>
<td>275,000</td>
</tr>
<tr>
<td>July 1, 1998</td>
<td>150,000</td>
<td>July 1, 2013</td>
<td>300,000</td>
</tr>
<tr>
<td>July 1, 1999</td>
<td>150,000</td>
<td>July 1, 2014</td>
<td>325,000</td>
</tr>
<tr>
<td>July 1, 2000</td>
<td>200,000</td>
<td>July 1, 2015</td>
<td>330,000</td>
</tr>
</tbody>
</table>

BE IT FURTHER RESOLVED that the bonds maturing after July 1, 1995, are subject to call and redemption at the option of the State of Oregon on July 1, 1995, and on any interest payment date thereafter, in whole, or in part, in integral multiples of $5,000, in inverse order of maturity, and by lot within a maturity, at the redemption prices (expressed as a percentage of the principal amount) set forth below, together with accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Date (Both Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1995 - January 1, 1996</td>
<td>101.00%</td>
</tr>
<tr>
<td>July 1, 1996 - January 1, 1997</td>
<td>100.75%</td>
</tr>
<tr>
<td>July 1, 1997 - January 1, 1998</td>
<td>100.50%</td>
</tr>
<tr>
<td>July 1, 1998 - January 1, 1999</td>
<td>100.25%</td>
</tr>
<tr>
<td>July 1, 1999 - or semi-annually thereafter</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Notice of redemption shall be published as provided by law and shall be given by registered or certified mail not less than forty (40) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the State of Oregon. Bonds called for redemption shall be payable at the office of the Paying Agent.

BE IT FURTHER RESOLVED that the State Treasurer advertise the said STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, Series 1985 A, for public sale thereof at a price of not less than $98 for each $100 par value thereof, and it is certified to the Oregon State Treasurer that a maximum true effective rate of interest not to exceed 13% is prudent in light of prevailing interest rates, market conditions, and the revenues to accrue from gifts, grants, building fees, or other unobligated revenue as shall be allocated by the State Board of Higher Education for payment of the Bonds.

Board Discussion and Action

On motion by Director Harms, and second by Director Batiste, the Board approved the recommendation and duly adopted the above resolution as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Ferry. Those voting no: None.
Approximately $11,575,000
State of Oregon, SBHE Advance Refunding Bonds, Series 1985 B, Article XI-F(1)

Staff Recommendation to the Board

The Board approved the issuance of $11,375,000 State of Oregon, State Board of Higher Education Advance Refunding Building Bonds, Series 1985 B, at the meeting of May 17, 1985. The authorized maturity schedule and redemption provisions were as follows:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>$500,000</td>
<td>1999</td>
<td>$175,000</td>
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<tr>
<td>1987</td>
<td>375,000</td>
<td>2000</td>
<td>175,000</td>
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<tr>
<td>1988</td>
<td>375,000</td>
<td>2001</td>
<td>200,000</td>
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<tr>
<td>1989</td>
<td>400,000</td>
<td>2002</td>
<td>225,000</td>
</tr>
<tr>
<td>1990</td>
<td>425,000</td>
<td>2003</td>
<td>250,000</td>
</tr>
<tr>
<td>1991</td>
<td>450,000</td>
<td>2004</td>
<td>275,000</td>
</tr>
<tr>
<td>1992</td>
<td>500,000</td>
<td>2005</td>
<td>300,000</td>
</tr>
<tr>
<td>1993</td>
<td>550,000</td>
<td>2006</td>
<td>325,000</td>
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<tr>
<td>1994</td>
<td>600,000</td>
<td>2007</td>
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<td>1995</td>
<td>650,000</td>
<td>2008</td>
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<tr>
<td>1996</td>
<td>700,000</td>
<td>2009</td>
<td>450,000</td>
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<tr>
<td>1997</td>
<td>775,000</td>
<td>2010</td>
<td>500,000</td>
</tr>
<tr>
<td>1998</td>
<td>850,000</td>
<td>2011</td>
<td>575,000</td>
</tr>
</tbody>
</table>

Bonds maturing after July 1, 1995, are subject to call and redemption at the option of the State on July 1, 1995, and on any interest payment date thereafter at par value.

The financial consultant, Evensen Dodge, Inc., has recalculated the principal amount of advance refunding bonds required to defease the outstanding balance of the 1982 A issue, $11,390,000. This new projection is based on the latest revised estimates of the interest rates expected to prevail at the date of the bond sale.

The consultant and the State Treasurer have also recommended a modification of the redemption provision. It is revised to include a declining premium feature, which is expected to make the bonds more attractive to prospective bidders.

The State Treasurer has now decided that it is more appropriate for the State to use true interest cost calculations for bond bidding purposes rather than net interest cost. The necessary change to the previous bond resolution to accommodate this factor has also been included.

It was recommended that the Board approve by roll call vote the following revisions to the advance refunding bond resolution, Series 1985 B, adopted May 17, 1985:

BE IT RESOLVED that all references to $11,375,000 be changed to $11,575,000.
BE IT FURTHER RESOLVED that the Bonds be advertised for sale on a maturity schedule as follows:

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Amount</th>
<th>Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>$375,000</td>
<td>1999</td>
<td>$175,000</td>
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<tr>
<td>1987</td>
<td>375,000</td>
<td>2000</td>
<td>200,000</td>
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<tr>
<td>1988</td>
<td>400,000</td>
<td>2001</td>
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<tr>
<td>1989</td>
<td>400,000</td>
<td>2002</td>
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<tr>
<td>1990</td>
<td>450,000</td>
<td>2003</td>
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<tr>
<td>1991</td>
<td>475,000</td>
<td>2004</td>
<td>275,000</td>
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<td>1992</td>
<td>525,000</td>
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<td>325,000</td>
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<td>1993</td>
<td>550,000</td>
<td>2006</td>
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<td>1994</td>
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<td>1995</td>
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<td>1996</td>
<td>700,000</td>
<td>2009</td>
<td>475,000</td>
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<td>1997</td>
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<td>2010</td>
<td>500,000</td>
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<tr>
<td>1998</td>
<td>850,000</td>
<td>2011</td>
<td>600,000</td>
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</tbody>
</table>

BE IT FURTHER RESOLVED that the bonds maturing after July 1, 1995, are subject to call and redemption at the option of the State of Oregon on July 1, 1995, and on any interest payment date thereafter, in whole, or in part, in integral multiples of $5,000, in inverse order of maturity, and by lot within a maturity, at the redemption prices (expressed as a percentage of the principal amount) set forth below, together with accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Date (Both Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1995 - January 1, 1996</td>
<td>101.00%</td>
</tr>
<tr>
<td>July 1, 1996 - January 1, 1997</td>
<td>100.75%</td>
</tr>
<tr>
<td>July 1, 1997 - January 1, 1998</td>
<td>100.50%</td>
</tr>
<tr>
<td>July 1, 1998 - January 1, 1999</td>
<td>100.25%</td>
</tr>
<tr>
<td>July 1, 1999 - or semi-annually thereafter</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Notice of redemption shall be published as provided by law and shall be given by registered or certified mail not less than forty (40) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the State of Oregon. Bonds called for redemption shall be payable at the office of the Paying Agent.

BE IT FURTHER RESOLVED that the State Treasurer advertise the said STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION ADVANCE REFUNDING BUILDING BONDS, Series 1985 B, for public sale thereof at a price of not less than $98 for each $100 par value thereof, and it is certified to the Oregon State Treasurer that a maximum true effective rate of interest not to exceed 13% is prudent in light of prevailing interest rates, market conditions, and the revenues to accrue from gifts, grants, building fees, or other unobligated revenue as shall be allocated by the State Board of Higher Education for payment of the Bonds.

Board Discussion and Action

On motion by Director Harms, and second by Director Batiste, the Board approved the recommendation and duly adopted the above resolution as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.
Schematic Design for Electrical & Computer Engineering Building (Phase I), OSU

Staff Report to the Board

The Electrical and Computer Engineering Building (Phase I) for Oregon State University is one of the capital construction projects contained in the Educational and General portion of the 1985-1987 capital construction budget request. The project will provide 49,340 gross square feet of state-of-the-art laboratory and classroom facilities for teaching and research in the high technology fields.

The building solution proposed by Architects Settecasse Smith Doss of Salem is a four-story structure, plus a partial basement, immediately west and adjacent to Apperson Hall, and south and east of Merryfield Hall. Apperson Hall would be joined at its second and third levels by pedestrian overpasses provided through this project. This would permit handicapped and service access to the upper levels of Apperson Hall for the first time.

The first and second levels of the building would contain classroom and teaching laboratories; the third level would feature non-class laboratories; and the fourth floor of the new building would house the Engineering Research Center for Advanced Materials and Devices (ERCAMD). This research complex will include "Class 100" clean rooms.

Features of the design proposed by the architects include retention of the former heating plant chimney, and incorporation of it into a solar atrium which reaches through all four levels. The building would be faced in brick; the roof system would be standing seam metal; and the atrium would feature glass curtain walls on the north and south exposures.

Based on the schematic design, the architects estimate the direct construction costs would be approximately $5,660,600. The total project allowance for the new construction is $7,000,000. An additional $1,620,000 would be reserved for alterations in related buildings, primarily Dearborn Hall. The total project request is for $8,620,000. Design work on the alterations portion of the project has not been undertaken at this time.

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE

Project - OSU Electrical and Computer Engineering Building (Phase I) and Related Alterations

Architects - Settecasse Smith Doss, Salem

Board's priority - No. 3 in 1985-1987

Estimated total project costs $8,620,000

Estimated total costs (Phase I construction) $7,000,000

Estimated total direct construction costs (Phase I construction) $5,660,600

Estimated area to be constructed - 49,340 gross square feet

Estimated area to be remodeled - to be determined

Tentative schedule - to be determined

Tentative financing plan - Lottery funds $8,600,000

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 Electrical and Computer Engineering Building (Phase I).
Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Schematic Design for Erb Memorial Union Ballroom Level Improvements, UO

Staff Report to the Board

The 1983 Oregon Legislature authorized this auxiliary enterprise project to carry out improvements at the Ballroom level of the Erb Memorial Union at the University of Oregon. Architects Guthrie Slusarenko Leeb have now concluded schematic design of this project within the total project budget of $1,715,000.

The goals of the project, established by the University, were to 1) clarify the building entry and circulation; 2) re-establish the primacy of the Memorial Stairwell and related spaces; 3) renovate the Ballroom and Dads' Room, including major modification of seating, reconstruction of the stage and related support facilities and equipment; 4) revise adjacent meeting rooms; 5) restore the Gallery as a functional exhibit space; and 6) improve directional signage within the building. Each of the elements of the program are addressed in the schematic solution.

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE

Project - UO Erb Memorial Union Ballroom Level Improvements

 Architects - Guthrie Slusarenko Leeb, Portland

Board's priority - No. 13th in 1983-1985 (Auxiliary Enterprise)

Estimated total project costs - $1,715,000
Estimated total direct construction costs - $ 963,600
Estimated area to be remodeled - 16,500 net square feet.

Tentative schedule:
Bidding - October 1985
Completion - February 1986

Tentative financing plan - Article XI-F(1) bond borrowings and/or balances $1,715,000

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 Erb Memorial Union Ballroom Level Improvements for the University of Oregon and instruct the University officials to proceed with subsequent phases of planning, preparation of construction documents, bidding and construction based upon total project allowance of $1,715,000.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Revised Master Plan, OIT

Staff Report to the Board

Based upon the planning assumptions and objectives approved by the Board on March 30, 1984, officials of Oregon Institute of Technology have been working with The Amundson Associates, P.C., Architects, Springfield, in up-dating the campus master plan. These assumptions and objectives, detailed in the minutes of the Board meeting, identified some key elements
of the planning. Two of these elements focused on the institution's providing public polytechnic instruction to the state and the Klamath Falls region and developing future campus facilities based on enrollment projections and Board-approved space and utilization standards.

The current study includes a comprehensive analysis based upon historical background, existing conditions, and projected future building and utility needs which are woven into a comprehensive working document. The Phase I Master Plan for 2,500 FTE students is a result of integrating the planning for (1) proposed buildings, (2) circulation/parking/service, (3) pedestrian routes, (4) physical education/athletic fields, (5) open space uses, and (6) utility service tunnels. A Phase II Master Plan for 3,000 FTE students has also been developed primarily to test the validity of Phase I proposals.

The plan utilizes land and buildings in a way that supported the occurrence of similar activities in adjacent or related areas. Student and faculty circulation time between classes or activities would be minimized, utility and services would be efficient, the relationship of facilities-program-resources-faculty-students would be effective, and maximum use would be made of a limited campus area.

Phase I of the plan identifies an optimal location for a classroom-laboratory building which would place it in a close relationship to Semon and Cornett Halls. The classroom-laboratory building is Priority 6 in the Board's educational and general plant capital construction program for 1985-1987. Since this location would restrict use of a much-needed recreation field, additional land would have to be added to the campus. Therefore, the Board will receive a request for land acquisition if this Master Plan is approved. The land proposed to be added is approximately 45 acres adjacent to the north boundary of the campus. It would be used for a new recreation, athletic field, parking, and outdoor land surveying. Presently, a portion of the area is being used as a survey laboratory.

In addition to the classroom-laboratory building, Phase I of the plan identifies the need for an addition to Snell Hall for administration, a physical education/recreation addition, a physical plant addition, and the recreation/athletic field. The Phase II Plan identifies a college union addition, tennis courts, and a classroom-laboratory building. In each case utility, service, and parking requirements would need to be addressed.

Staff Recommendation to the Board

It was recommended that the Revised Master Plan for the Oregon Institute of Technology, prepared by institutional officials with the assistance of The Amundson Associates, be accepted for use as a guide in the future physical development of the campus.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Staff Report to the Board

The Board's 1985-1987 capital construction program for auxiliary enterprises identifies as Priority No. 7 a North Campus Recreation and Site Improvements project for Southern Oregon State College. This project, which was detailed in the College's long-range development plan, was approved by the Board in October 1979. The development of the North Campus area included closure of Iowa Street to vehicular traffic between Walker Street and Wightman Avenue. Subsequently, an alternate redirection of traffic acceptable to the City of Ashland could not be found. The City's acceptance of the College's long-range development plan as a part of the Comprehensive Land-Use Plan for the City of Ashland was predicated on the development and paving of this portion of Iowa Street.
After years of negotiations between representatives of Southern Oregon State College and the City of Ashland, a joint City/College Task Force recommended joint use and development of portions of the College's north campus. Elements of the recommendation are outlined in a proposed cooperative agreement between the College and the City, contingent on the availability of funds as described in the Report of the North Campus Completion Committee. The agreement contains the following provisions:

**Iowa Street**

The Board, on behalf of the College will dedicate that portion of Iowa Street under its control to the City of Ashland, approximately 708 feet extending westerly from Walker Avenue; and the College will share with the City the financial expenditures for the cited improvements as designated in the "Financial Plan" of the Report. As owner of the abutting property, the Board, on behalf of the College, would be assigned the costs of paving, curbs and gutters. The City would construct and pave the bicycle/pedestrian way, and be responsible for miscellaneous costs including lighting, striping, drainage and signing.

The City of Ashland will design and cause to be constructed in all aspects that block of Iowa Street between Walker Avenue and Wightman Street. Following construction, the City of Ashland will assume all responsibility for maintenance, repair and traffic control.

**Webster Street**

The City of Ashland, upon completion of the improvements to Iowa Street described above, will initiate the necessary public hearings for the vacation of Webster Street, subject to certain utility easements, to the State of Oregon acting by and through the State Board of Higher Education. The Board, on behalf of the College, will accept vacation of Webster Street, subject to certain utility easements, with the intention of partially closing and/or restricting traffic on Webster Street.

**Walker Avenue**

The City of Ashland in its role as project manager, will cause to be designated and constructed, curbs, gutters and paving on Walker Avenue from the Southern Pacific Company railroad tracks to East Main Street. The College will participate in the financial support of this work as described in the "Financial Plan" of the Report.

**Wightman Street**

The City of Ashland, in its role as project manager, will cause to be designed and constructed, curbs, gutters and widening along the east side of Wightman Street from Iowa to Quincy Streets. The College will participate in the financial support of this work as described in the "Financial Plan" of the Report.

**Bicycle/Pedestrian Ways**

The City of Ashland will cause to be designated, constructed, maintained and controlled, all aspects of the bike paths. The Board, on behalf of the College, will by easement convey to the City of Ashland land under Board's control which L necessary to construct and maintain these bicycle/pedestrian ways.

**Parking**

The City of Ashland will accept, by lease, that land southeast of the intersection of Wightman and Iowa Streets necessary for the construction by the City of Ashland of a parking facility of approximately 44-vehicle capacity; and design and construct the parking facility. The Board, on behalf of the College, will, by lease, convey the land to the City for the parking facility. Upon completion, the City will convey the property back to the Board on behalf of the College, by letter of agreement, for the College's operation and maintenance of the completed parking facility.
Upon completion of construction by the City of Ashland, the Board on behalf of the College, will accept by letter of agreement, the completed parking facility from the City for operation and maintenance.

Staff Recommendation to the Board

It was recommended that the Board approve the concept of the North Campus Recreation Site improvements project as outlined in the proposed agreement and authorize the appropriate Board officials to convey the College-owned portion of Iowa Street to the City, execute a lease agreement with the City of that land southeast of the intersection of Wightman and Iowa Streets necessary for construction of a parking facility, and grant easements for a bicycle/pedestrian ways and for the underground utilities associated with the project.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

ELECTION OF OFFICERS

The Nominating Committee recommended the following slate of officers for 1985-86: President, Alvin R. Batiste; Vice President, James C. Petersen; Members of the Executive Committee, Harriett J. Flanagan and John Alltucker.

There being no other nominations, the Board elected the slate of officers as presented. The following voted in favor: Directors Alltucker, Batiste, Clark, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

ITEMS FROM BOARD MEMBERS

Mr. Petersen reported that the Finance Committee would be discussing enrollment ceilings and would continue its discussion of fringe benefits. These two items remained from the year’s agenda.

Miss Walling thanked the Board members on behalf of all of the students in the State System for their genuine concern and careful consideration for students which she had observed during her two years on the Board. She said she had tried to convey this concern to the students. In addition, she thanked the Board for accepting her as a full-fledged member of the Board.

Mr. Perry thanked Miss Walling for her contributions.

Mr. Alltucker said the joint planning committee was now meeting monthly. At the last meeting, representatives of the community colleges and from the private colleges and universities were added to the membership. Tentative approval was given to procedures and how the overall plan would be developed and coordinated. The staff group will meet between meetings of the planning committee. Mr. Alltucker said he viewed this as the most ambitious effort he had seen for perhaps thirty years to make a substantial change in the educational services of Oregon. The operation of the joint planning committee is proceeding on schedule with a spirit of cooperation that is unparalleled in his experience.

Mr. Harms and Mr. Perry both expressed their appreciation to other Board members for their patience and for their dedicated service during the time that each has served on the Board. Mr. Perry indicated that he had prepared some final comments for distribution to the Board.

Mr. Batiste said it was anticipated there would be candidates present at the time of the July Board meeting for interviews for the position of Vice Chancellor for Academic Affairs.
SUMMARY OF FACILITIES PLANNING ACTIVITIES, OFFICE OF ADMINISTRATION

Eye Center, OHSU

This project is included in the 1985-1987 capital construction request. Gordon, Board, Grimes, Bahls and Domrèis, Portland, will provide necessary architectural services at a cost not to exceed $894,527. These services will be financed from gifts.

Electrical and Computer Engineering Building, OSU

This project is also listed in the 1985-1987 capital construction request. Sett case Smith Doss, Salem, will provide the necessary architectural services at a cost not to exceed $415,125. Financing is being provided for schematic design services from the Board’s Reserve for Architectural/Engineering Planning.

Shattuck Hall Remodel, Computer Center, PSU

Lundgren, Larson, Associates, Portland, will provide necessary architectural services at a cost not to exceed $24,350. Financing is available from operating funds of the institution.

Consulting Services, KSOR, SOSC

McClanathan & Associates, Inc., Portland, will provide engineering services pertaining to minor maintenance, repair, and capital improvement projects for KSOR during 1985 at a cost not to exceed $2,500.

College Center Remodel, WOSC

This project is included in the 1985-1987 capital construction request. Sett case Smith Doss, Salem, will provide necessary architectural services at a cost not to exceed $25,761. Funds for planning are being provided from the Excess Sinking Fund Reserve from Commingled Student Building Fees until Article XI-F(1) bond proceeds are available.

Award of Construction Contract

Recreation Facilities (All-Weather Track and Tennis Courts), OIT

On April 25, 1985, Baker Construction, Inc., was awarded a contract for this project in the amount of $565,793. The project description remains essentially the same as that outlined within the June 22, 1984, Board minutes. The estimated total project costs remains at $640,000. Financing will be provided by Article XI-F(1) bond proceeds.

Board Discussion and Action

The Board accepted the report as presented.

McKnight Estate Property, UO

Staff Report to the Board

As the result of a bequest from the estate of Mildred M. McKnight, the University of Oregon was the recipient in 1984 of approximately 68 acres of farmland located about five miles west of Lebanon, Oregon. On January 18, 1985, the Board approved a staff recommendation to sell the property because it could not be used to carry out the mission of the institution. The University of Oregon advertised the property for sale at a price of $92,200, with 25% down, payable on closing, with the balance payable in equal annual installments at 11% over a period not to exceed 20 years. No bids were received on May 15, 1985. Because no one expressed interest in the property, the University of Oregon will continue to rent the unimproved land for agricultural use until the market for farmland becomes more favorable for disposition of the property. Meanwhile, the staff and institution administrators will consider any offers to purchase the property for not less than the terms provided in the invitation to bid. Such procedure is authorized by ORS 273.216.

Board Discussion and Action

The Board accepted the report as presented.