**MINUTES OF REGULAR MEETING OF THE STATE BOARD OF HIGHER EDUCATION HELD JULY 20, 1990**

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Meeting #590

Report on Central Oregon Consortium for Higher Education

SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION

Inlow Hall Renovation, BCSC
Elevator Maintenance Study, UO
Badgley Hall, HVAC Modifications, BCSC
Aero Engineering Lab Reroofing Project, OSU
Agricultural Sciences II, OSU
Forest Research Lab Reroof & Glulam Replacement, OSU
Langton Hall Room 200 Project, OSU
Mid-Columbia Ag. Research & Extension Center Cold Storage, OSU
Witbycombe-Wiegand Sanitary Sewer Rehabilitation, OSU
Medical Research Building & Dental School Animal Care Areas: Epoxy
Floor Covering Installation, OHSU
Smith Memorial Center—Summer 1990 Remodel, PSU
Dormitory Addition, WOSC
North Willamette Agric. Research & Experiment Station-Office Lab
Addition, OSU
Steam Trap Replacement & Monitoring System, UO
School of Dentistry, Lab 702, 704, & 717B Remodel, OHSU
Outpatient Clinic Building, 4th Floor Minor Surgery Suites & Lab, OHSU
UHS, 4C Radiation Therapy Remodel, OHSU
Multipurpose Playfield Phase I, OIT

PRESIDENT'S REPORT
Next Meeting Dates
A. Matthews, G. Johnston, R. Hensley—Tributes on Board Service

ITEMS FROM BOARD MEMBERS:
Trade Mission to British Columbia
Position Announcement, President, OIT

ADJOURNMENT

APPENDIX — Pending Report Items

SUPPLEMENT A — Oregon Administrative Rules, Chapter 580
SUPPLEMENT B — Internal Management Directives
SUPPLEMENT C — Oregon Joint Graduate Schools of Engineering
A regular meeting of the State Board of Higher Education was held in Room 338, Smith Memorial Center, Portland State University, Portland, Oregon.

The meeting was called to order at 1:15 p.m., Friday, July 20, 1990, by the President of the Board, Mr. Mark Dodson, and on roll call the following answered present:

Mr. Robert Adams
Mr. Bob Bailey
Mr. Tom Bruggere
Mr. Richard Hensley
Mr. Gary Johnston

Miss Annette Matthews
Mr. Rob Miller
Mr. Les Swanson, Jr.
Ms. Janice Wilson
Mr. Mark Dodson

Absent: Director Richardson was absent for business reasons. He was present for all of the Committee discussion, but had to leave prior to the start of the Board meeting.

Chancellor Bartlett and Presidents Brand, Byrne, Cox, Edgington, Gilbert, Kohler, and Lemmon were present.

OTHERS PRESENT

Chancellor's Office—Chancellor Thomas Bartlett; Wilma Foster, Board Secretary; Larry Large, Vice Chancellor, Public Affairs; Robert Frank, Interim Vice Chancellor, Academic Affairs; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; George Perstineker, Associate Vice Chancellor, Facilities Division; R. S. Perry, Associate Vice Chancellor, Administrative and Information Systems Services; Joe Sicotte, Associate Vice Chancellor, Personnel Administration; Melinda Grier, Director, Legal Services and Compliance Officer; Virginia Thompson, Executive Assistant to the Chancellor; Roger Olsen, Assistant Vice Chancellor, OCMIE; Virginia Boshey, Assistant Vice Chancellor, Academic Affairs; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Margie Sherman Frazier, Assistant to Vice Chancellor, Finance and Administration; Jim Lockwood, Assistant to Vice Chancellor, Public Affairs; Barbara Barrie, Personnel Officer; Shirley Clark, Vice Chancellor-designate, Academic Affairs; Weldon Ihig, Vice Chancellor-designate, Finance and Administration; Pat Wignes, Assistant Board Secretary.
Eastern Oregon State College—President David Gilbert; Jim Lundy, Dean of Administration; James Hottios, Dean of Academic Affairs; Richard Stenard, Dean of Students.

Oregon Health Sciences University—President Peter Kohler; Lesley Hallick, Vice President, Academic Affairs; H. J. Van Hassel, Interim Vice President, Administration; Bob Williams, Associate Hospital Director; W. C. Neland, Associate Vice President; Denny West, Director, Economic Development; Lois Davis, Director, Government Relations.

Oregon Institute of Technology—Interim President W. T. Lemman; Chris Eismann, Dean of Academic Affairs; Doug Yates, Acting Dean of Administration.

Oregon State University—President John Byrne; Graham Spanier, Provost; Kathleen Mulligan, Assistant Vice President, Finance and Administration; John Koch, Director, Facilities Planning; Richard Ohvall, Dean, and R. P. Vanderveen, Assistant Dean, College of Pharmacy.

Portland State University—Interim President Roger Edgington; Judith Ramaley, President-designate; Frank Martino, Provost; Gary Powell, Acting Vice President, Finance and Administration; Earl Mackey, Vice President; Franz Rad, Chairman, Civil Engineering; H. Chik Erzurumlu, Dean of Engineering.

Southern Oregon State College—President Joseph Cox; Ron Bolstad, Dean of Administration; Stephen Reno, Dean of Academic Affairs.

University of Oregon—President Myles Brand; Dan Williams, Vice President, Administration; Norman Wessells, Provost; Maury Holland, Dean, Law School; Chapin Clark, Associate Dean, Law School; Gerald Kissler, Senior Vice Provost; Nancy Brucker, Assistant Dean, Law School.

Western Oregon State College—Bill Cowart, Provost; Bill Neifert, Dean of Administration.

Interinstitutional Faculty Senate Members Attending the Meeting—Gene Ennecking, PSU; Janice Jackson, PSU; Herb Jolliff, OIT; Bonnie Staebler, WOSC.

Others—Lynn Pinckney, Executive Director, and Kate Menard, Executive Assistant, Oregon Student Lobby; Tom McClellan, Budget Analyst, Executive Department; Pam Morris, Oregon Education Association; Jerry Casby, Assistant Attorney General, Justice Department; Jerry Fisher, Manager, Public Affairs, Hewlett-Packard; John Beaulieu, President, Oregon Resource and Technology Development Corporation; Student Representatives from Oregon State University—Philip Riban, Jeffrey Boyd, Arman Ravanpey, William McCoy, Douglas Schmidt, Todd Foster, and Shahid Yusaf.
Meeting #590

MINUTES
APPROVED
The Board dispensed with the reading of the minutes of the last regular meeting held on June 14, 1990, and approved them as previously distributed. The following voted in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

BOARD LUNCHEON
Prior to the start of the Board meeting, the Board met in Executive Session during lunch. Separate minutes are prepared for the Executive Session. No other business was transacted during the Board luncheon.

WELCOME TO GUESTS
Mr. Dodson welcomed Dr. Judith A. Ramaley, the new President of Portland State University, and Vice Chancellor Designates Shirley Clark and Weldon Ihrig to the meeting. He also indicated his appreciation to Senator Dick Springer for his attendance at the meeting.

CHANCELLOR'S REPORT
The Chancellor welcomed Mr. Dodson back from his recent stay in Japan. He said Mr. Dodson was returning with a wealth of important experiences which will be of benefit to the State System in the months and years ahead. He commented that it was a great asset for the State of Oregon that the President of the State Board of Higher Education had completed this experience of contemporary Japan.

The Chancellor mentioned the pending departure of Mr. Hensley from the Board to become a WICHE Commissioner. Mr. Hensley will remain on the Board until his successor is named and confirmed but did not wish to continue as President of the Board.

Entrance Requirements, OSSHE
The Chancellor reported the staff was beginning discussions with people in other sectors of education concerning new entrance requirements and policies for the Oregon State System of Higher Education. The meetings are addressing entrance requirements which might be implemented in 1994-95 and are preliminary to bringing a formal recommendation to the Board. Any changes in requirements and policies would involve reactions and responses from other sectors of education, and it is desirable for them to be accomplished smoothly. These discussions provide an opportunity to express through articulation new concerns about the need for different kinds of performance levels throughout education.

J. Sellers, Resignation
The Chancellor announced that Jim Sellers had resigned since the last Board meeting and had accepted a new position and assumed his new responsibilities since that time. Mr. Sellers was the Director of Communications for the State System since 1986. His new position is with the Oregon Forestry Council.
Appreciation to R. Frank

The Chancellor indicated that Dr. Robert Frank was attending his last meeting as Interim Vice Chancellor for Academic Affairs. He said that following the sudden death of Dr. Hill in December of last year, there had been urgent consultation to fill the tremendous gap left by the loss of Dr. Hill.

Dr. Frank was one of the first names mentioned. He was described as bright, hard-working, and with an understanding of academic affairs, methods, and mores. Further, he was characterized as a person of absolute integrity, selfless, and a team player. After working with Dr. Frank for six months, the Chancellor said those were exactly the adjectives he would use to describe Dr. Frank. The Chancellor expressed his gratitude to Dr. Frank for the great job he had done as Interim Vice Chancellor for Academic Affairs.

The Chancellor said Dr. Frank would continue in the Chancellor’s Office through August to assist in the transition for Dr. Shirley Clark. He will then return to Oregon State University as chairman of the Department of English.

Appreciation to R. Edgington

The Chancellor said this was also the last meeting for Mr. Roger Edgington, Interim President of Portland State University. He spent 30 years as a civilian in the armed forces in the position of controller of the U.S. Military Academy at West Point. After coming to Portland State University in 1976, he advanced through the ranks in business and administrative affairs. In 1988, he became Executive Vice President with responsibilities as President of Portland State University. Subsequently, in 1989, he became Interim President.

The Chancellor said it was the mark of a versatile administrator to rise to the occasion and Mr. Edgington had certainly done so as Interim President. He thanked him for the outstanding job he had done in stabilizing the situation at Portland State and getting things in good order until his successor could be appointed.

The Chancellor wished President and Mrs. Edgington very happy times in their retirement.

Later in the meeting, Mr. Hensley moved that the Board express its appreciation to Dr. Robert Frank, Mr. Roger Edgington, and Mr. Jim Sellers for their services on behalf of the Board.

The Board approved the motion by Mr. Hensley, with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.
Family Housing, The Chancellor reported President Brand was planning a change with respect to the eligibility for family housing on the University of Oregon campus. At present, in order for a person to be eligible for family housing at the University of Oregon, students either must be legally married, with or without children, or be a single parent with custody of children. The proposed change, which will go into effect this fall, would allow single parents with children to have another adult in the unit to assist with child care responsibilities or to share expenses.

The Chancellor said single parents arguably may be those at the greatest risk to complete their educations successfully. This proposed change may be important in some cases to help single parents and their children get through this very difficult process.

The Chancellor emphasized the proposal would not present any additional strain on the limited housing resources, nor are there any financial implications.

Transfer of Intellectual Property

The Chancellor indicated Board members had requested some time ago a report on policies in the State System with respect to technology, research, patents, license agreements, and royalty income. He requested Dr. Richard Perry to make the report.

Dr. Perry said technology transfer was the movement of something useful and of possible commercial value from a person or laboratory to an organization which can use it either as something new or to improve upon existing technology. He cited examples of materials and processes for which applications for copyrights or patents might be appropriate.

Dr. Perry listed the following purposes and objectives of Board policy on technology transfer:

1. To provide the systematic means of bringing inventions into the public domain.

2. To encourage faculty to develop new knowledge.

3. To establish principles and procedures for equitably sharing net royalty income.

4. To recognize the scientific achievement by faculty inventors.

5. To promote economic diversification in the State of Oregon.

6. To enable the acceptance of near equity ownership in developing corporations, when appropriate.
Dr. Perry indicated the last two objectives were new and would be presented to the Board, probably at the October Board meeting. The objective of economic diversification was not a factor when the rules were prepared in 1978. The near equity ownership would provide the impetus for creation of joint research and development projects with private industry and other entities.

Dr. Perry then reviewed the major milestones in the development of Board policy on intellectual property over the last 20 years. He also presented the steps in patenting and licensing intellectual property.

Dr. Perry said the financial benefits from intellectual property should not be expected to solve all of the problems due to the limited number which will make any money. He then cited some of the purposes to which any money is applied and reviewed the distribution of any proceeds. He also provided data on funding for sponsored research, gross royalty income, and technology transfer activity. A copy of the information supplied to the Board is on file in the Board’s Office.

Dr. Perry then invited Mr. John Beaulieu, President of Oregon Resource and Technology Development Corporation, to present information on that organization.

Mr. Beaulieu said the Oregon Resource and Technology Development Corporation was a venture capital organization created by the 1985 Legislature. Its focus was to capitalize on research done in the State of Oregon and to fund that basic research, commercialize those ideas, and then follow with seed funding to implement the business. The organization is capitalized at $11 million and has been in existence for four years. Of 26 investments made by the organization, 17 represent new technology in the marketplace; 7 of the 17 are businesses built from technology transfer that has come from State System institutions.

Mr. Beaulieu said the Oregon Resource and Technology Development Corporation had a responsibility to build businesses, create wealth, and anchor that wealth in Oregon. It normally did not become involved when only a licensing approach was being taken. If someone wanted to build a business, the Development Corporation would seek to determine the potential for doing so. An equity position that accrues to the institution is of greater benefit because the institution receives appreciation from the stock and investment or dividend income which probably will last longer than royalty income. He supported the change to allow the institutions to hold equity or near equity because the returns were greater.
Mr. Beaulieu said he envisioned the creation of an investment fund for the commercialization of research from the institutions of higher education. He outlined possible procedures and activities to assist in accomplishing the goals and responsibilities of the Development Corporation and to increase financial returns to the institutions and the state.

Dr. Perry said both the Oregon Resource and Technology Development Corporation and the Oregon Advanced Computing Institute were funded by the State of Oregon with lottery funds. The latter is a nonprofit organization established to promote research in all areas of computing, but particularly in computer processing. The State System entered into a master agreement with the Computing Institute in May 1989 and has developed subcontracts with the organization at three institutions.

Authorization To Expend General Fund for Children's Hospital Study, OHSU

Staff Report to the Committee

The 65th Legislative Assembly appropriated and reserved $180,000 for a study assessing the need for and the feasibility of a new children's hospital in the Portland area. The legislation called on the Department of Higher Education to conduct such a study and directed the department to take into account the views of "interested parties, including current providers of pediatric care..." and to analyze various siting and financing options rather than looking just to Marquam Hill, Article XI-F(1) bonds, and state ownership and operation.

In preparation for retaining consultant assistance for such a study, administrators at the Oregon Health Sciences University worked with officials of Legacy Health Systems, which operates the Emanuel Children's Health Care Center in Portland, to assess the possibility of integrating the pediatric care services of the Oregon Health Sciences University's Doernbecher Children's Hospital and the Emanuel pediatric center. This preliminary effort determined that both hospitals were willing to integrate these services and that they and physicians throughout Oregon believed that such integration and the consolidation of pediatric tertiary care services and programs would best serve the needs of the children of the state.

This was a major first step in assessing the need for and feasibility of a new Children's Hospital. However, much work remains to be done. The joint OHSU-Legacy task force has identified seven areas which need attention before a recommendation can be made. These range from defining which programs would be integrated, determining and establishing an academic affiliation between the integrated effort and Oregon Health Sciences University, defining the roles of other Portland-area service providers, developing an appropriate legal and governance structure for the integrated effort, analyzing potential sites for the integrated programs, assessing the financial impact of the joint
arrangement on both Legacy and Oregon Health Sciences University (and, perhaps, other Portland-area providers if they become part of the integrated venture), and estimating the capital needs of the integrated programs. In order to meet the legislative mandate, the development and assessment of various ownership and financing alternatives must be added to this ambitious work program.

Oregon Health Sciences University officials are seeking the Board's approval to request the Emergency Board to release the $180,000 to help fund the assessments described above. Consultant assistance will be sought.

Staff Recommendation to the Committee

The staff concurred with the request of Oregon Health Sciences University and recommended that the Board authorize staff to request the Emergency Board to release the $180,000 reserved for the Children's Hospital Study.

Discussion and Recommendation by the Committee

Mr. Bailey inquired whether the private health care organizations were contributing funds toward research or investigation separately or in conjunction with this study.

Mr. Pernsteiner replied that Legacy already had funded half of the consultant study for the preliminary assessment and it was his understanding the organization was committed to picking up the costs of the study which exceed the $180,000.

Miss Matthews said she was aware Senator Hatfield had assisted the institution in acquiring funding for new facilities. She asked how those buildings were placed on the list from which he selected projects.

President Kohler said there was a plan for the Oregon Health Sciences University in terms of needed facilities. When state funding has not been available, Senator Hatfield has been generous in funding facilities, but the projects are subject to a planning process at the institution.

He said the proposal before the Committee was different in that it involved consideration of the consolidation of pediatric activities at the Health Sciences Center with those of the Emanuel Pediatric Center.

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

Mr. Bruggere presented the report and recommendation from the Committee.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Authorization
To Expand
Other Funds for Hospital Rehabilitation, OHSU

Staff Report to the Committee

The University Hospital at the Oregon Health Sciences University has an extensive multi-year plan to upgrade and modernize its facilities. Limitations for this purpose have been established in each of the last several biennial budgets. However, because most of the work is financed through the sale of Article XI-F(1) bonds which must be repaid from patient fees, actual rehabilitation work has proceeded slowly. Nearly $6 million of limitation remains from 1987-1989, while another $12,685,000 is available from the 1989-1991 capital construction budget. This reflects the hospital's commitment not to spend unless it can make certain it can repay its debts.

The University Hospital, through the Oregon Health Sciences University, is requesting approval to seek authorization from the Emergency Board to release $7 million for expenditure on four items. (This represents the remaining balance of the 1987-1989 project and just over $1 million of the 1989-1991 budget.)

The first item is the construction of a bone marrow transplant unit, utilizing $650,000 of gift funds. A 1,900-square-foot area on the 13th Floor of University Hospital South would be remodeled to provide space for this unit. This space will be isolated from other areas of the hospital due to its special ventilation and other requirements.

The second item is the replacement of the rusting water pipes throughout the hospital. Most of the original 1923 domestic water piping remains in use. Much of the water in the hospital is clouded by rust particles. Leaks are a continual problem.

Another item is the addition of two new elevators and the refurbishing of four existing elevators in University Hospital South. Consultant studies have identified the need to add five additional elevators to meet the demands placed on the system by patients, visitors and staff. However, space and financial considerations preclude a project of that magnitude. The new elevators will be installed within an existing interior stairwell. The stairwell will be replaced in accordance with City of Portland codes. The updating of the four existing cars also will improve the efficiency of the elevator system.
Finally, the demand for cooling is increasing at a time when the existing chilled water system is experiencing significant failures and maintenance costs. The system is antiquated and overtaxed. Oregon Health Sciences University is proposing to replace the existing chiller with a larger unit.

The needs of the University Hospital are significant. The financial difficulties the hospital has experienced in recent years (and is likely to continue to endure) have prevented it from addressing needed repairs and improvements in a systematic and timely fashion. However, improvements must be made in order to keep the hospital functional and competitive. If improvements are not made, the financial condition of the hospital could worsen as those patients who can afford to do so choose other hospitals for their care. Therefore, it appears prudent to upgrade the University Hospital’s facilities.

The request made by Oregon Health Sciences University includes $650,000 of gift funds and $6,350,000 of bond funds. A portion of the bond funds will be transferred from the proceeds of prior sales.

Staff Recommendation to the Committee

The staff concurred with the request of the Oregon Health Sciences University and recommended that the Board authorize the staff to seek approval from the Emergency Board to release for expenditure $7 million of Other Funds for Hospital Rehabilitation.

Discussion and Recommendation by the Committee

In response to questions, Mr. Permeister indicated $2 million would be included in the bond resolution to be presented to the Board for approval later in the meeting. He also stated the nearest bone marrow transplant site was in Seattle for transplants between two individuals.

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

Board Discussion and Action

Mr. Bruggere presented the report and recommendation from the Committee.

The Board approved the Committee recommendation with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.
Staff Report to the Committee

In April, the Board authorized the staff to request the Emergency Board to release for expenditure $6,415,000 for the construction of the final phases of the University of Oregon's Casanova Complex at Autzen Stadium. This authorization was subject to several conditions. One of those was that the Board review whether to proceed with this project after its June consideration of the athletic deficits.

The Board addressed the issue of athletic deficits in June and provided the universities with mechanisms to eliminate potential 1990-91 deficits. The Emergency Board will have considered the release of funds for this project at its meetings on July 12 and 13. The University of Oregon has been working to reduce the cost and scope of the project and to raise additional gift money in light of May 1990 estimates by its architect that the project will cost more than anticipated originally. In line with the Board action of April 20, 1990, only the $5,820,000 of bonds authorized at that time may be spent for the project.

The University is nearing completion of its cost-cutting efforts and expects to offer the project for bid in July 1990. This will delay the opening of the Casanova Center's final spaces until about September 1991, after the start of fall football practice. However, it is still scheduled to open before the beginning of fall term classes.

The Board's action in June makes it possible for the University of Oregon to meet the debt service requirements of this project within the limitations of a balanced budget. A contract will be awarded only if the lowest responsible bid is within the available funds and the $6,415,000 which the Board has authorized to be sought from the Emergency Board.

Staff Recommendation to the Committee

The staff concurred with the request of the University of Oregon and recommended that the Board authorize the expenditure of funds and the award of a construction contract for the final phases of the Casanova Center within a total budget for this phase not to exceed $6,415,000.

Discussion and Recommendation by the Committee

Mr. Bruggere said he had understood $200,000 might be available for use in paying the athletic deficit if this project were not undertaken.

Mr. Feinsteiner said that with approval of the PAC-10 some of the surcharge money could be diverted.
Mr. Bruggere then asked if the Chancellor’s Office had made any evaluations or recommendations with respect to whether it made sense to take money from other programs to pay the athletic deficit rather than taking money from this type of project.

Mr. Pernsteiner said that approach had been considered. He said the recommendation before the Committee was based largely on the argument made by the University of Oregon that the project would permit sustaining a program that would have a chance of becoming self-sufficient in the future as a result of the ability to recruit better players. Past history has shown a relationship between the success of the team and the gate receipts and other revenues.

Miss Matthews asked whether it would stop the project if those funds that were not dedicated were applied to the athletic debt and the rest of the dedicated money used for the building.

Mr. Pernsteiner explained that the moneys were currently dedicated. It would require a dispensation from the PAC-10 to remove that dedication.

At the request of Mr. Richardson, Vice President Dan Williams explained that the financial plans to retire the debt were quite conservative. If the revenues exceed those conservative estimations, those monies would be available for the amortization of the debt or to reduce the University’s operating deficit. He commented that the University of Oregon’s athletic deficit was relatively small compared to the other schools in the State System. The University will have a balanced budget next year so the deficit will not grow. Mr. Williams also said the University would not be taking full advantage of the opportunity the Board provided at its last meeting. Therefore, it will not be taking money from the instructional budget to put into the athletic department operations. It will take advantage of part of the fee remission opportunity.

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

Board Discussion and Action

Mr. Bruggere reported that the Committee had discussed this request particularly in light of the athletic deficit discussion at the last Board meeting and whether some of the fees and money should be applied toward deficit reduction as opposed to this project. He indicated the University of Oregon had pointed out that it would not be taking money from academic programs.
Mr. Bruggere said the Committee had recommended unanimously that the Board approve the project. Mr. Hensley said he was pleased to second the motion for the approval of this project, noting that he played golf with Mr. Casanova once a year.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Staff Report to the Committee

Officials at Oregon State University are requesting that authorization be given to exchange a parcel of land on the Eastern Oregon Experiment Station's Hall Ranch for an adjoining parcel and to purchase the timber rights on the parcel to be acquired.

In February of 1959, an agreement was entered into between Oregon State University and Fraser and Marcella Bradley, the previous owners of the parcel to be acquired, wherein the University was allowed to utilize for riparian and rangeland research approximately eight acres on Catherine Creek adjacent to the Eastern Oregon Experiment Station's Hall Ranch in exchange for the use of twelve acres of University property for grazing. The new owner, Leonard Huffman, continued to honor the agreement but now has decided to log his property.

In order to preserve the riparian research project and not lose years of valuable research data, University officials have a tentative agreement with Mr. Huffman to exchange his eight acres for the twelve owned by the University plus pay for the value of the timber on Mr. Huffman's land. Appraisals of the two land parcels have been made by an independent appraiser and the value of the parcels has been determined to be comparable, excluding the value of the timber. Oregon State University officials would now like to complete the exchange and buy the timber as Mr. Huffman is anxious to log his property.

Staff Recommendation to the Committee

The staff concurred in the request of Oregon State University and recommended that the Board authorize the land exchange and the purchase of the timber for $4,000 from funds available to the Agriculture Experiment Station.

Discussion and Recommendation by the Committee

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

Mr. Bruggere presented the Committee report and recommendation.

Mr. Johnston inquired about the timber rights on the parcels being exchanged.

Mr. Fernsteiner explained that the $4,000 for the timber would be paid in advance of the actual exchange. Property of equal value would then be exchanged. He indicated the arrangement and the sequence would be somewhat unusual but the effect would be to get what the State System needed from the transaction.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Resolution for Sale of Article XI-F(1) Bonds

The Legislature in 1989 authorized the Board to issue more than $110 million of general obligation bonds during the 1989-1991 biennium. The Board authorized sales of bonds in the fall of 1989 and the spring of 1990 for the support of a variety of capital construction projects and the purchase of hospital patient equipment. The staff had anticipated requesting Board approval for a sale in the late fall of 1990. However, the Board's financial advisor, Seattle Northwest Securities, has indicated that the State might be able to secure a more favorable interest rate if the bonds were issued in the early fall. Such a sale is necessary during 1990 in order to support the orderly construction and equipment acquisition schedules for projects already approved by the Legislative Assembly.

The Oregon State Treasurer is authorized to negotiate the sale of bonds or to sell them by bid and to determine whether to issue the bonds as zero coupon bonds (called Oregon Baccalaureate Bonds). The State Treasurer will make these determinations in late August or early September and is expected to sell the bonds in late September or early October. Because of the need for the bonds to be rated and priced prior to their formal sale, the Board's authorization to sell the bonds must occur before early September. The July Board meeting is the last before bond documents must be completed.

The staff finds the projects listed below are self-liquidating and self-supporting, as required by Article XI-F(1) of the Oregon Constitution. However, the determination of the specific amounts of the bonds is dependent upon project needs and upon the
financial viability of the entities which must repay them. Therefore, the staff wishes the Board to permit it to eliminate projects from the fall 1990 sale or reduce their amounts if project needs or financial requirements dictate such actions. This is necessary because the Board will have to approve the bond resolution so far in advance of the sale.

Staff Recommendation to the Committee

The staff recommended that the Board adopt the following resolution authorizing the sale of Article XI-F(1) bonds to provide $24,815,000 of bond proceeds.

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON (the "Board") deems it necessary, pursuant to law, including Article XI-F(1) of the Constitution of the State of Oregon, Chapters 731 and 734, Oregon Laws 1989, and applicable provisions of Oregon Revised Statutes Chapter 286, 288 and 351, to sell general obligation bonds to fund the costs of certain capital improvements; and

WHEREAS, ORS 286.033 requires the Board to authorize bonds by resolution, and ORS 286.031 provides that all bonds of the State of Oregon shall be issued by the State Treasurer; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON AS FOLLOWS:

Section 1. Issue. The State of Oregon is authorized to issue general obligation bonds (the "Bonds"), in such series and principal amounts as the State Treasurer, after consultation with the Vice Chancellor for Finance and Administration of the Department of Higher Education, shall determine are required to fund projects. The Bonds shall be designated, dated, authenticated, registered, shall mature, shall be in such denominations, shall bear such interest, be payable, be subject to redemption, and otherwise contain such terms as the State Treasurer determines, after consultation with the Vice Chancellor for Finance and Administration. The maximum net effective interest rate for the Bonds shall not exceed ten percent per annum.
Section 2. Projects. Bonds are authorized to be sold in an amount sufficient to provide the following funds for the following projects or other projects, as may be authorized by the Oregon Legislature, and as may be revised by the Vice Chancellor for Finance and Administration:

<table>
<thead>
<tr>
<th>Article XI-F(1) Projects</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Term</td>
</tr>
<tr>
<td>OHSU Patient Equipment</td>
<td>7</td>
</tr>
<tr>
<td>OHSU Hospital Renovation</td>
<td>20</td>
</tr>
<tr>
<td>UO Autzen Stadium Improvements, Casanova Complex</td>
<td>28/30</td>
</tr>
<tr>
<td>UO Housing</td>
<td>28/30</td>
</tr>
<tr>
<td>UO Parking Imps</td>
<td>28/30</td>
</tr>
<tr>
<td>OSU Parker Stadium Imps</td>
<td>28/30</td>
</tr>
<tr>
<td>EDSC Landscaping/Storage</td>
<td>28/30</td>
</tr>
</tbody>
</table>

Grand Total Proceeds Required $24,815,000

Section 3. Maintenance of Tax-Exempt Status. The Board covenants for the benefit of the owners of the Bonds to comply with all provisions of the Internal Revenue Code of 1986 (the "Code") which are required for Bond interest to be excludable from gross income for federal income taxation purposes (except for taxes on corporations), unless the Board obtains an opinion of nationally recognized Bond counsel that such compliance is not required in order for the interest to be paid on the Bonds to be so excludable. The Board makes the following specific covenants with respect to the Code:

(a) The Board shall not take or omit any action if the taking or omission would cause the Bonds to become "arbitrage bonds" under Section 148 of the Code, and shall assist in calculations necessary to determine amounts, if any, to allow the State to pay to the United States all "rebates" on "gross proceeds" of the Bonds which are required under Section 148 of the Code.

(b) Covenants of the Board or its designee in its tax certificate for the Bonds shall be enforceable to the same extent as if contained herein.

Section 4. Sale of Bonds. The State Treasurer, with the concurrence of the Vice Chancellor for Finance and Administration, shall sell the Bonds as the State Treasurer deems advantageous.
Section 5. Other Action. The State Treasurer, the Vice Chancellor for Finance and Administration or the Controller of the Department of Higher Education are hereby authorized, on behalf of the Board, to take any action which may be required to issue, sell and deliver the Bonds in accordance with this resolution.

Discussion and Recommendation by the Committee

Mr. Pernsteiner explained that the State Treasurer chooses which financial instrument to use when bonds are sold. For the last two bond sales, the State Treasurer has selected baccalaureate bonds to finance the State System's capital construction projects. These are zero coupon bonds. Preliminary conversations with the State Treasurer suggest that will be the choice for this issue.

Mr. Bruggere inquired whether the baccalaureate bonds had been very successful in the previous issues. Mr. Pernsteiner replied that very favorable interest rates had been obtained which were at or below comparable rates for those with bond ratings similar to that of the State of Oregon. They do create some additional administrative burden on the Controller's Division.

In response to a question from Mr. Richardson, Mr. Pernsteiner indicated all of the projects for which the bonds will be sold had been approved by the Board in its list of capital construction list and authorized by the 1989 Legislature.

The Committee recommended that the Board approve the staff recommendation and adopt the proposed bond resolution on roll call vote.

Board Discussion and Action

Mr. Bruggere presented the report and recommendation from the Committee.

The Board approved the staff recommendation and adopted the bond resolution on roll call vote. The following voted in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Amendment of QAR 580-40-040, Staff Report to the Committee — Tuition and Fees Academic Year Instruction Fees

Instruction fees represent the per term assessment to students for credit-hour instruction. The fees apply toward support of the Education and General Services component of the Higher Education expenditure budget. Fees are assessed within undergraduate
and graduate fee structures and by resident and nonresident student classifications. The residency classification applies to students enrolled under the full-time student policy. Students enrolling under the part-time student policy for seven or fewer credit hours per term are assessed a fee appropriate to the level of the course taken, without regard to residency status.

Instruction fees for the 1987-1989 biennium were increased 3% for each year of the biennium. The rates for 1989-90 were increased 8.25% for residents and 12% for non-residents over the 1988-89 base level prior to the $10 increase for computer resources added by some institutions. Full-time student fee rates recommended for 1990-91 are compared with 1989-90 rates in Schedule 1.

At its April 20, 1990, meeting the Board authorized a differential to be added to the University of Oregon, Oregon State University, and Portland State University. This differential increases the instruction fee at these institutions by an additional 1.7% in 1990-91.

Building Fee

The 1989 Legislature authorized the student building fee to be increased to a maximum of $18.50. This is up from the previous statutory limit of $12.50 which had been assessed since 1975-76. For 1990-91, it is recommended that the fee be set at $18.00 for full-time students. A reduced pro rata fee is assessed on part-time students. The monies generated by this fee finance the debt retirement for construction associated with student centers, health centers, and recreational facilities constructed through the issuance of Article XI-F(1) bonds.

Incidental Fee

Incidental fee changes recommended by the institutions are shown on Schedule 2. This fee recommendation is for the most part, determined by the students in accordance with a Board-approved incidental fee policy on each campus. The funds generated by this fee are used for a variety of student activities.

Health Service Fee

Institutional recommendations are provided in Schedule 2. This fee is used to support the student health services of each institution. In some cases, notably the Oregon Health Sciences University, it also includes the premium for a major medical insurance policy. This policy is optional if other equivalent coverage can be assured.
Other Policy Changes

Other fees and policies set forth in Sections I, II, and III of the Fee Book provide guidance to the institutions and determine other fees which are established by Board rules. The major proposed revisions are:

Direct Exchange Program Application Fee: It is proposed that application fees associated with Oregon State System of Higher Education sponsored international and domestic direct exchange programs be waived. Corresponding institutions traditionally waive application fees for State System students. Most of those application fees are considerably higher than those of Oregon institutions. This proposal originally was acted on by the Board in January 1990 as a Guideline for preparing the 1990-91 Fee Book.

General Deposit: It is proposed that the General Deposit be converted from a mandatory $50 at the University of Oregon and $25 at all other institutions to an institutional option up to $50 per year. This proposal was originally acted on by the Board in January 1990 as a Guideline for preparing the 1990-91 Fee Book.

Deferred Tuition: The current Deferred Tuition Program will be retained, but in addition, a Revolving Charge Account Program is being established. The new Revolving Charge Account is being developed as a separate administrative rule. It is described in a separate docket item.

Tuition Refund Schedule: It is proposed that the tuition refund schedule be revised to eliminate the 90% at Week One and 75% at Week Two refunds. The proposal would make the refund through the first two weeks of classes at 85%. This revision eases administration of the Drop/Add policy, which functions without penalty for the first two weeks of the term. This proposal was originally acted on by the Board in January 1990 as a Guideline for preparing the 1990-91 Fee Book.

Tuition Refund on Overload Hours: It is proposed that appropriate refunds be given on fees paid for overload credits subsequently reduced down to the level of the credit hour plateau. (Plateaus: 21 credit hours - undergraduate; 16 credit hours - graduates.)
Law Resource Fee: The Board adopted a temporary rule in November 1989 and a permanent rule in May 1990 to enact a graduated rate for the Law Resource Fee depending upon residency and date of admission to the University of Oregon Law School. The proposed fee would be applied as follows:

<table>
<thead>
<tr>
<th></th>
<th>Residents</th>
<th>Non-residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admitted - Fall 1989</td>
<td>$300/sem.</td>
<td>$300/sem.</td>
</tr>
<tr>
<td>Admitted - Fall 1990</td>
<td>$375/sem.</td>
<td>$450/sem.</td>
</tr>
<tr>
<td>Admitted - Fall 1991</td>
<td>$400/sem.</td>
<td>$825/sem.</td>
</tr>
<tr>
<td>Admitted - Fall 1992 &amp; after</td>
<td>$430/sem.</td>
<td>$1,200/sem.</td>
</tr>
</tbody>
</table>

Audit Only Fee Schedule: It is proposed to eliminate the Audit Only Fee Schedule. This schedule only applied to students who took classes strictly for "audit." Any time a student took classes in combination of "audit" and for credit, fees were assessed using the normal fee schedule. The number of students under this category do not make it administratively feasible to continue. This proposal was originally acted on by the Board in January 1990 as a Guideline for preparing the 1990-91 Fee Book.

Staff Report to the Committee — Residence Hall and Food Service Charges

Institutional residence halls and food services operate as auxiliary services. As such, their fees and charges are to cover the cost of their operations. In recommending residence hall room and board charges for 1990-91, institutional administrators estimated residence hall occupancy in relation to enrollment projections and present occupancy patterns.

Recommended changes in 1990-91 room and board rates are reflected in the examples given on Schedule 4. These rates are only examples as each institution offers various room and board combinations. Most basic room and board rates will increase 5% to 9%. The rates are detailed in the Academic Year Fee Book.

Not covered by this action are rates for the Portland State University campus. Portland Student Services, Inc., a private corporation operates the residence halls at Portland State University and establishes the rates as specified in a service contract. The rates require approval by Portland State University officials.

Housing Policy Changes

No changes are being recommended in the Housing Policy statements.
Staff Recommendation to the Committee

The staff anticipated the amendment to OAR 580-40-040 would be adopted as a permanent rule at the July Board meeting. The required notification of the proposed adoption and announcement of a public hearing was mailed to the Office of the Secretary of State on June 12, 1990. The notice was mailed in sufficient time to meet the June 15 deadline date for publication in the Oregon Bulletin, but the notice did not reach Salem until June 18 and was not published. Therefore, because the Board cannot meet the notice required to adopt a permanent rule by its July meeting, the amendment now must be adopted as a temporary rule, with adoption as a permanent rule following publication of the required notice in the August 1, 1990, Oregon Bulletin.

The tuition and fees, residence hall and food service charges, and related policies for the 1990-91 academic year must be adopted prior to the September Board meeting because the academic year begins in August for programs at the Oregon Health Sciences University and the University of Oregon Law School. The staff advises that failure to adopt the amendment to OAR 580-40-040 as a temporary rule will prejudice the public interest in that the income to be derived from the increases will not be available for operation of the institutions within the State System of Higher Education.

The staff recommended that, following public hearing on July 16, 1990, the Board adopt as a temporary rule the following amendment to OAR 580-40-040:

**Academic Year Fee Book**

580-40-040 The document entitled "Academic Year Fee Book", dated July 20, 1990, (July 21, 1989) is hereby adopted by reference as a temporary rule. All prior adoptions of academic year fee documents are hereby repealed except as to rights and obligations previously acquired or incurred hereunder.

Through the amendment, the Board adopts the tuition and fees, residence hall and food service charges, and related policies contained in the document entitled "Academic Year Fee Book." It would also adopt the memos of attachment amending the draft document and other amendments and attached schedules noted in this agenda item.

The following report of the issues raised during the July 16 public hearing was distributed.
Report of Public Hearing on Academic Year Fee Book.

Summary of Testimony Received

On July 16, 1990, a public hearing was conducted in Room 358 of Susan Campbell Hall on the University of Oregon campus to take testimony concerning the 1990–91 Academic Year Fee Book. Twelve people gave oral testimony at the hearing. Written testimony was submitted by two people. The following is a summary of the testimony received.

Kate Menard, Executive Assistant, Oregon Student Lobby, submitted written testimony from the Executive Director of the Oregon Student Lobby. She noted that students are very concerned about the nature and rate of the proposed tuition increase. She referred to an April 20, 1990, letter to the Board discussing survey data demonstrating hidden costs of tuition increases. These include increased debt burden and the lengthening of time required to earn a degree. Oregon's tuition rates in 1989–90 for colleges and universities were the highest or near the highest of the western states, while per capita personal income ranked 30th in the nation. Concern over the differential, with greater increases at universities than colleges, was expressed in that it might project an inappropriate message about the quality of education at the regional colleges. The Oregon Student Lobby urges the Board to "avoid imposing the proposed tuition increases for the 1990–91 year and avoid reliance on tuition increases in the next biennium."

Kirk Bailey, Student Body President, University of Oregon, gave written and oral testimony. He addressed two items of concern. First, the rate of resident tuition increase of 9.95% represents an almost 20% increase in two years. This creates a significant burden on students also having to cope with increases in living expenses, particularly the growing "non-traditional" student population. Secondly, financial aid has not kept pace with the rate of inflation. Increases in inflation mean there are fewer needy and qualified students who are able to receive assistance.

Arman Ravanpey, Oregon State University undergraduate, international student. International students and other nonresident undergraduates pay 101% of the cost of education compared to around 30% for Oregon residents. The additional rate increases for nonresidents are too high. Many international students come to Oregon schools because of the tuition rates. However, the proposed rates will cause students to go to other schools instead. Mr. Ravanpey concluded by saying there needed to be a limit on expenditures for non-educational activities so more could be directed toward what colleges and universities are for, higher education.
Amarjit Singh, President, International Students Association, Oregon State University. He stated it did not make sense for international students to pay more than 100% of the cost of their education. The institution Presidents say they are trying to internationalize their institutions. However, this will not happen if costs drive the students away. Mr. Singh noted he has friends who have returned to their own countries or gone to other schools because of the costs in Oregon. The Board appears to have conflicting goals of internationalization and raising the fees for nonresidents higher than for residents. Because of the number of students having to work at menial jobs to go to school in this state the Board should lobby the Legislature to increase the minimum wage.

Shahid Yusaf, Student Body President, Oregon State University. Previously the Board has adopted policies that residents would pay 25% and nonresidents would pay 100% of the cost of their education. If this is the policy of the Board, why should nonresident fees escalate faster than residents? Mr. Yusaf said he did not understand how the missions of the universities can be fulfilled concerning international education if international students and other nonresidents cannot stay in school. He, too, knows of students who have had to leave school because of the increasing costs. He noted that if the only solution to funding Higher Education is to raise fees then Higher Education is a low priority in this state. Mr. Yusaf cited the increases in nonresident rates as a form of discrimination. He cited friends at school in other states who experienced graffiti saying "Foreigners go home!" The federal requirement that international students must stay in school while here and rate increases that increase the need to work more to stay in school say the same thing, "Foreigners go home." A loss of international students will result in a further loss of diversification in the institutions and ultimately in the state.

Mr. Yusaf also addressed the impact on residents. The fee increases discriminate against lower and lower middle class students. More "nontraditional" students attend school. These are older persons, mothers, and minorities, all of whom tend to be without the family aid of traditional students. The Board should ask the State Scholarship Commission to ask the Legislature for more scholarship funds. Increases in federal funding are not keeping pace, resulting in qualified needy students not being able to get grants. Further, the university differential gives the impression that the quality of education in the regional colleges is less than that of the universities.

Mr. Yusaf recommends the Board work with student groups to convince the Legislature to give more money to the State System.
William McCoy, former President, Graduate and Professional Student Association, Oregon State University. Mr. McCoy expressed concern over the impact of fee increases on graduate students, particularly those from Oregon. He noted that the average graduate students today are 34 years old, often are married, may have a family, have been in the work force, and are dependent upon their own incomes for financing their education. Many are technologists within the state who must return to school to stay current in their fields. The significant increase in fees makes it more and more difficult for these students to stay in school. He felt that, as the cost of education escalates, the state's economy will suffer because the workforce will be unable to keep current in their industries. Mr. McCoy reported that the number of graduate students at Oregon State University has declined in the past two years. He feels this is due in part to the recent tuition increases and the fact that departmental budgets are not increasing as fast as fee rates and therefore cannot provide as many graduate assistantships.

Philip Riban, President, Graduate and Professional Students Association, Oregon State University. Mr. Riban also testified to the negative impact large fee increases have on graduate students. He noted that the number of graduate students at Oregon State is declining faster than the loss of the state's population. Institutions, with limited resources to pay graduate assistants, reduce the number of assistantships when the fees increase faster than their budgets. Mr. Riban also expressed concern and doubt that the quality of education was increasing at the same rate as the fees. He urges the Board to talk with student groups, to work together to gain more funding from the Legislature.

Pam Olsen, Veterinary Medicine Student, Oregon State University, made two points. One, when fees the amount of those for Veterinary Medicine increase by 10% it amounts to hundreds of dollars. It is very difficult for students, many with families, to generate that much more income. Two, a recent survey of graduate Veterinary Medicine students showed they leave school with a debt ranging between $13,000 and $40,000. She noted that she knows several students who have had to drop out of school because of the dramatic increase in fees.

Jeff Boyd, former President, Graduate and Professional Students Association, Oregon State University. Tuition increases that have occurred recently require more students to work full-time and go to school part-time instead of the other way around. He himself works a graveyard shift so he can go to school. This means it takes longer to complete a degree program. He feels the institutions are sending mixed signals to minority students. The aggressive recruitment campaigns to attract more minority students are offset by the dramatic fee increases that those same
students cannot afford. Mr. Boyd sees this as discriminatory for minorities. The financial aid sources are being reduced. The type of assistance available is limited and inadequate. He, too, questioned the relationship of fee increases to the quality of education offered. The current direction is working against the objective of globalization of the institutions.

Eric Winters, Chair, Institutional Fee Committee, Portland State University. Mr. Winters said rate increases do not correlate to the quality of education offered. Given the increases in all of the fees, it is very difficult for students to stay in school.

Johnny McMullen, Student Body President, Portland State University. Mr. McMullen was concerned about paralleling the cost of education with the quality of education. The recent decision to lift enrollment ceilings does not mean more sections will be added but that more students will be crowded into current sections. He also noted that the more barriers put up to nonresident students, through the proposed rate increases, the less ability the institutions have to meet the goals of internationalization.

Todd Foster, Resident Undergraduate, Oregon State University, expressed concern about the effects of rate increases on students' ability to stay in school. Of 30 students living together in a living unit, 4-5 have had to quit school for financial reasons. Huge classes, with limited access to faculty except Teaching Assistants, causes questions about the relation of cost to quality of education.
### Instruction Fee Recommendations

**Full-Time Student, Per Term**  
**1990-91 Academic Year**

#### Full-Time Instruction Fee

<table>
<thead>
<tr>
<th></th>
<th>1989-90</th>
<th>1990-91</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UO, OSU, PSU</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident</td>
<td>$446</td>
<td>$490</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>1,533</td>
<td>1,743</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>706</td>
<td>776</td>
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<tr>
<td>Graduate Nonresident</td>
<td>1,240</td>
<td>1,410</td>
</tr>
<tr>
<td><strong>WOSC, SOSC</strong></td>
<td></td>
<td></td>
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<tr>
<td>Undergraduate Resident</td>
<td>429</td>
<td>464</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>1,359</td>
<td>1,522</td>
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<tr>
<td>Graduate Resident</td>
<td>690</td>
<td>747</td>
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<tr>
<td>Graduate Nonresident</td>
<td>1,223</td>
<td>1,370</td>
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<tr>
<td><strong>EOSC</strong></td>
<td></td>
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<tr>
<td>Undergraduate Resident</td>
<td>381</td>
<td>412</td>
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<tr>
<td>Undergraduate Nonresident</td>
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<td>412</td>
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<tr>
<td>Graduate Resident</td>
<td>663</td>
<td>718</td>
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<tr>
<td>Graduate Nonresident</td>
<td>1,196</td>
<td>1,340</td>
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<tr>
<td><strong>OIT</strong></td>
<td></td>
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<tr>
<td>Undergraduate Resident</td>
<td>446</td>
<td>483</td>
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<tr>
<td>Undergraduate Nonresident</td>
<td>1,533</td>
<td>1,717</td>
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<tr>
<td><strong>OHSU</strong></td>
<td></td>
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<tr>
<td>Medical Resident</td>
<td>1,591</td>
<td>1,722</td>
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<tr>
<td>Medical Nonresident</td>
<td>3,559</td>
<td>3,986</td>
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<tr>
<td>Dental Resident</td>
<td>1,170</td>
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<td>Dental Nonresident</td>
<td>2,870</td>
<td>3,214</td>
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<tr>
<td>Nursing, Medical Technician, and Dental Hygienist</td>
<td></td>
<td></td>
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<tr>
<td>Resident</td>
<td>446</td>
<td>483</td>
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<tr>
<td>Nonresident</td>
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<td>Graduate Resident</td>
<td>706</td>
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<td>Graduate Nonresident</td>
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<td><strong>Other</strong></td>
<td></td>
<td></td>
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<tr>
<td>Veterinary Medicine Resident (OSU)</td>
<td>1,269</td>
<td>1,395</td>
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<td>Law Semester Resident (UO)</td>
<td>1,060</td>
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<td>Law Semester Nonresident (UO)</td>
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<td>2,116</td>
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<tr>
<td>Baccalaureate Nursing (EOSC)</td>
<td>419</td>
<td>454</td>
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### Health Service and Incidental Fee Recommendations

#### Full-Time Student, Per Term

**1990-91 Academic Year**

<table>
<thead>
<tr>
<th>Health Service Fee</th>
<th>1989-90 Authorized Fee</th>
<th>1990-91 Recommended</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>$41.00</td>
<td>$47.00</td>
<td>$6.00</td>
</tr>
<tr>
<td>OSU</td>
<td>39.00</td>
<td>43.00</td>
<td>4.00</td>
</tr>
<tr>
<td>PSU</td>
<td>41.50</td>
<td>45.50</td>
<td>4.00</td>
</tr>
<tr>
<td>WOSC</td>
<td>35.00</td>
<td>35.00</td>
<td>0.00</td>
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<tr>
<td>SOSC</td>
<td>39.50</td>
<td>44.00</td>
<td>4.50</td>
</tr>
<tr>
<td>EOSC*</td>
<td>35.00*</td>
<td>35.00*</td>
<td>0.00</td>
</tr>
<tr>
<td>OIT</td>
<td>37.00</td>
<td>40.00</td>
<td>3.00</td>
</tr>
<tr>
<td>OHSU**</td>
<td>237.00</td>
<td>280.00</td>
<td>43.00</td>
</tr>
<tr>
<td>UO Law (Semester)</td>
<td>62.00</td>
<td>71.00</td>
<td>9.00</td>
</tr>
</tbody>
</table>

* EOSC Baccalaureate Nursing Students have an additional $3 per term for coverage against needle stick accidents.

** OHSU students are required to purchase major medical insurance at $180 per term unless equivalent coverage is assured. Basic health service fee is $100.

### Incidental Fee

<table>
<thead>
<tr>
<th></th>
<th>1989-90</th>
<th>1990-91</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>89.00</td>
<td>100.00</td>
<td>11.00</td>
</tr>
<tr>
<td>OSU</td>
<td>66.00</td>
<td>75.00</td>
<td>9.00</td>
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<tr>
<td>PSU</td>
<td>71.50</td>
<td>85.50</td>
<td>14.00</td>
</tr>
<tr>
<td>WOSC</td>
<td>80.00</td>
<td>87.00</td>
<td>7.00</td>
</tr>
<tr>
<td>SOSC</td>
<td>77.50</td>
<td>82.00</td>
<td>4.50</td>
</tr>
<tr>
<td>EOSC</td>
<td>120.00</td>
<td>123.00</td>
<td>3.00</td>
</tr>
<tr>
<td>OIT</td>
<td>86.00</td>
<td>89.00</td>
<td>3.00</td>
</tr>
<tr>
<td>OHSU Medical</td>
<td>60.00</td>
<td>85.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Dental</td>
<td>64.00</td>
<td>89.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Med.Tech.</td>
<td>55.00</td>
<td>80.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Dental Hygiene</td>
<td>64.00</td>
<td>89.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Nursing</td>
<td>60.00</td>
<td>85.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Grad.Medical</td>
<td>60.00</td>
<td>85.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Grad.Dental</td>
<td>64.00</td>
<td>89.00</td>
<td>25.00</td>
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<tr>
<td>Grad.Nursing</td>
<td>56.00</td>
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<tr>
<td>UO Law (Semester)</td>
<td>134.00</td>
<td>150.00</td>
<td>16.00</td>
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### Building Fee

<table>
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<th>1990-91</th>
<th>Increase</th>
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<tr>
<td>All Institutions</td>
<td>18.00</td>
<td>18.00</td>
<td>0.00</td>
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<tr>
<td>UO Law (Semester)</td>
<td>27.00</td>
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### Study Resources Fee

<table>
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<th>1989-90</th>
<th>1990-91</th>
<th>Increase</th>
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<tbody>
<tr>
<td>Nursing, OHSU/EOSC</td>
<td>113.50</td>
<td>118.00</td>
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</tr>
<tr>
<td>Law, UO</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>All Admits @89</td>
<td>300.00</td>
<td>300.00</td>
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<td>Res.Admits -90</td>
<td>300.00</td>
<td>375.00</td>
<td>75.00</td>
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<tr>
<td>Non-Res.Ad.-90</td>
<td>300.00</td>
<td>450.00</td>
<td>150.00</td>
</tr>
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### Schedule 3
#### Total Tuition and Fee Recommendation
**Full-Time Student, Per Term**
For the 1990-91 Academic Year Compared With 1989-90

<table>
<thead>
<tr>
<th>Institution</th>
<th>Undergraduate</th>
<th></th>
<th>Graduate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
<td>Nonresident</td>
<td>Resident</td>
<td>Nonresident</td>
</tr>
<tr>
<td><strong>University of Oregon</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989-90</td>
<td>594.00</td>
<td>1,681.00</td>
<td>854.00</td>
<td>1,388.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>655.00</td>
<td>1,908.00</td>
<td>941.00</td>
<td>1,575.00</td>
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<tr>
<td><strong>Oregon State University</strong></td>
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</tr>
<tr>
<td>1989-90</td>
<td>569.00</td>
<td>1,656.00</td>
<td>829.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>626.00</td>
<td>1,879.00</td>
<td>912.00</td>
<td>1,546.00</td>
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<td><strong>Portland State University</strong></td>
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<td>1989-90</td>
<td>577.00</td>
<td>1,664.00</td>
<td>837.00</td>
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<td>1990-91 Proposed</td>
<td>639.00</td>
<td>1,892.00</td>
<td>925.00</td>
<td>1,559.00</td>
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<tr>
<td><strong>Western Oregon State College</strong></td>
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<td></td>
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</tr>
<tr>
<td>1989-90</td>
<td>582.00</td>
<td>1,492.00</td>
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<td>1,356.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>604.00</td>
<td>1,662.00</td>
<td>887.00</td>
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<tr>
<td><strong>Southern Oregon State College</strong></td>
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<tr>
<td>1989-90</td>
<td>564.00</td>
<td>1,494.00</td>
<td>825.00</td>
<td>1,358.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>608.00</td>
<td>1,666.00</td>
<td>891.00</td>
<td>1,514.00</td>
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<tr>
<td><strong>Eastern Oregon State College</strong></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>1989-90</td>
<td>554.00</td>
<td>554.00</td>
<td>836.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>588.00</td>
<td>588.00</td>
<td>894.00</td>
<td>1,516.00</td>
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<tr>
<td><strong>Oregon Institute of Technology</strong></td>
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<tr>
<td>1989-90</td>
<td>587.00</td>
<td>1,674.00</td>
<td>847.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>630.00</td>
<td>1,864.00</td>
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<tr>
<td><strong>Oregon Health Sciences University</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td>1,906.00</td>
<td>3,874.00</td>
<td>1,021.00</td>
<td>1,555.00</td>
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<td>1990-91 Proposed</td>
<td>2,105.00</td>
<td>4,369.00</td>
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<td>Dental</td>
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<td>1990-91 Proposed</td>
<td>1,654.00</td>
<td>3,601.00</td>
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<td>Nursing</td>
<td>874.50</td>
<td>1,961.50</td>
<td>1,129.50</td>
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<td>1990-91 Proposed</td>
<td>984.00</td>
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<td>Medical Tech.</td>
<td>756.00</td>
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<td>1990-91 Proposed</td>
<td>861.00</td>
<td>2,095.00</td>
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<td>Dental Hygiene</td>
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<tr>
<td>1990-91 Proposed</td>
<td>870.00</td>
<td>2,104.00</td>
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</table>
Schedule 3 (continued)

Total Tuition and Fee Recommendation
Full-Time Student, Per Term
For the 1990-91 Academic Year Compared With 1989-90

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate</th>
<th></th>
<th>Graduate</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
<td>Nonresident</td>
<td>Resident</td>
<td>Nonresident</td>
</tr>
<tr>
<td></td>
<td>Nursing, EOSC</td>
<td></td>
<td>Vet. Med., OSU</td>
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<tr>
<td>1989-90</td>
<td>708.50</td>
<td>708.50</td>
<td>1,392.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>751.00</td>
<td>751.00</td>
<td>1,531.00</td>
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<tr>
<td></td>
<td>Metro Ctr, OIT</td>
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<td>Metro Ctr, OIT</td>
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<tr>
<td>1989-90</td>
<td>464.00</td>
<td>1,550.00</td>
<td>724.00</td>
<td>1,258.00</td>
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<tr>
<td>1990-91 Proposed</td>
<td>501.00</td>
<td>1,735.00</td>
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<td>1989-90</td>
<td></td>
<td></td>
<td>1,583.00</td>
<td>2,384.00</td>
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<tr>
<td>1990-91 Admits @1989</td>
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<td>1,713.00</td>
<td>2,664.00</td>
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<tr>
<td>Admits @1990</td>
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<td></td>
<td>1,788.00</td>
<td>2,814.00</td>
</tr>
</tbody>
</table>

Note:

Total tuition and fees cover fees for instruction, building, incidental, and health service at all institutions. Law semester, OHSU and OHSU/EOSC Nursing include a study resources fee. At the OIT Metro Center only instruction fee and building fee are mandatory; other fees are optional.
Schedule 4
Oregon Department of Higher Education
Comparison of Basic Residence Hall Rates 1989-90 to 1990-91

The following are comparative samples of board and room rates for a basic dorm room with double occupancy and the student on a 15 meal per week plan. Each institution offers a variety of room and meal options at rates above and below these listed. Refer to the Fee Book for a more definitive schedule of rates.

<table>
<thead>
<tr>
<th>Institution</th>
<th>1989-90</th>
<th>1990-91</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Basic multiple</td>
<td>$2,598</td>
<td>$2,806</td>
<td>8.0%</td>
</tr>
<tr>
<td>Oregon State University</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 15 meals</td>
<td>2,548</td>
<td>2,797</td>
<td>9.8%</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 15 meals</td>
<td>2,684</td>
<td>2,872</td>
<td>7.0%</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 15 meals</td>
<td>2,775</td>
<td>2,940</td>
<td>6.0%</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Basic multiple, 15 meals</td>
<td>2,761</td>
<td>2,835</td>
<td>2.7%</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 14 meals</td>
<td>2,820</td>
<td>3,105</td>
<td>10.1%</td>
</tr>
<tr>
<td>Oregon Health Sciences University</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Room Only, multiple, 3-Term Student</td>
<td>1,464</td>
<td>1,557</td>
<td>6.4%</td>
</tr>
</tbody>
</table>

* Rates exclude required additional social fees of $10 - $20 per year.
Discussion and Recommendation by the Committee

Miss Matthews inquired whether it would be necessary to take additional public testimony since the original public hearing had not been advertised.

The Board Secretary indicated she had been advised by the Secretary of State's office that the Attorney General's Office had stated in similar situations it would be acceptable to hold the public hearing as originally planned, with the inclusion of a statement the hearing had been held in the subsequent notice for permanent adoption of the rule. The notice for the permanent rule should also state that additional written testimony would be acceptable prior to adoption.

The Secretary also stated the people who were concerned with this rule had all received the same notice as the one mailed to the Secretary of State's office for the July 16 public hearing. The student groups were included in that extensive distribution to more than 200 people, so they actually received the notice of the hearing and did appear.

The staff recommendation was amended to indicate the adoption of QAR 580-40-040 as a temporary rather than a permanent rule. This change has been incorporated in QAR 580-40-040 as shown above.

The Committee recommended that the Board approve the staff recommendation as presented and adopt QAR 580-40-040, Academic Year Fee Book, on roll call vote as a temporary rule.

Board Discussion and Action

Mr. Bruggere presented the report and recommendation from the Committee.

Mr. Adams indicated one of the students' concerns was that the international students would be paying more than the full cost of their education. He asked whether that was a valid assumption.

Mr. Quenzer said nonresident tuition for undergraduate students was very close to 100% of the cost of instruction. He said it depended on the institution and the way in which it was calculated determined whether it was actually over 100%.

Mr. Adams indicated a lot of good testimony was received and it would be helpful for Board members to have it for consideration earlier in the process. Tuition is always a Board concern, and Board members do not want it to increase any more than is absolutely necessary. He said he understood the Board's general policy of students paying a certain percentage of the cost of their education was being maintained.
Miss Matthews quoted Recommendation 24 from the Strategic Plan of the Oregon State System which stated, "Tuition will be set using the Cost of Instruction fee policy as a general guideline with a goal of Oregon tuition approximating those in other western states." She asked whether that recommendation was used in setting the 1990-91 academic year fees.

Mr. Quenzer stated that when the 1989-1991 biennial budget was developed, including fees, the Board was provided with relative comparisons to other western states and the effect of the proposed fees in changing that comparison.

Mr. Johnston inquired whether the refund on reductions in carrying overload hours would be the same as the refund if the student were dropping a class. Mr. Quenzer indicated it would be the same.

The Board approved the Committee recommendation and adopted as a temporary rule OAR 580-40-040, Academic Year Fee Book. On roll call vote, the following voted in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Adoption of
OAR 580-40-041,
Revolving
Charge Account
Policy

Staff Report to the Committee

The Academic Year Fee Book has authorized for years the use of Deferred Tuition Notes, permitting tuition and other mandatory enrollment fees to be paid in installments over the length of the current term. The deferred payment plan applies only to the instruction fee, incidental fee, health service fee, building fee and study resources fee. It does not apply to board and room, family housing, library fines, late registration, program charge deposits, late application, counseling, testing and examination fees. The student signs a note agreeing to repay the deferred obligation. Business office time and resources are necessary to effectuate the transaction.

Today's consumer expects the option of paying over time. Customers purchase goods and services by telephone, accept the published terms and conditions of the purchase, and are billed for the purchase without a signed contract. The offer is unilateral in form and is accepted and becomes an enforceable contract when the customer follows the instructions on how to order. This form of transaction is used in colleges and universities as well as in the commercial world.

Technological advances now make telephone registration affordable and reliable. All of the institutions in the Oregon State System of Higher Education are developing new registration systems that will eventually accommodate such capabilities. This minimizes
the need for students to appear in person for registration. The Ed-Net program, whereby students all over the state take classes by satellite, makes the telephone registration option necessary. This, and the desire to streamline the fee payment process, has resulted in examination of alternative methods of fee collection.

The staff proposes adoption of OAR 580-40-041, Revolving Charge Account Policy, which would authorize the establishment of revolving charge accounts for students and others who incur debt with institutions of the Oregon State System of Higher Education.

The staff has worked with legal counsel for the Oregon State System of Higher Education in developing the proposed policy. Legal counsel advises that the policy be adopted as an Administrative Rule separate from the fee book rule.

Counsel is concerned about the lack of a requirement for a signed repayment agreement. Accordingly, as a matter of practice, the institutions will require a signed agreement, pending further study. Should it prove feasible, however, that requirement will be dropped. Accordingly, the rule has been drafted as permissive.

Implementation Process

Upon approval of this policy, the institutions will adopt the necessary rules and prepare written information about the Revolving Charge Accounts for inclusion in registration materials and other sources detailing this policy and the various pay options and costs of using the revolving charge account. The institutions will submit the material to the System's Legal Counsel for review.

Staff Recommendation to the Committee

The staff anticipated that OAR 580-40-041, would be adopted as a permanent rule at the July Board meeting. The required notification of the proposed adoption and announcement of a public hearing was mailed to the Office of the Secretary of State on June 12, 1990. The notice was mailed in sufficient time to meet the June 15 deadline date for publication in the Oregon Bulletin, but the notice did not reach Salem until June 18 and was not published. Therefore, because the Board cannot meet the notice required to adopt a permanent rule by its July meeting, the rule now must be adopted as a temporary rule, with adoption as a permanent rule following publication of the required notice in the August 1, 1990, Oregon Bulletin.

The proposed rule must be adopted prior to the September Board meeting because the academic year begins in August for programs at the Oregon Health Sciences University and the University of

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Oregon Law School. The staff advises failure to adopt OAR 580-40-041 as a temporary rule will prejudice the public interest in that the institutions will not be able to adopt the necessary rules and prepare written information for inclusion in registration materials so the revolving charge accounts will be available for students at the beginning of the 1990-91 academic year.

The staff recommended that, following public hearing on July 16, 1990, the Board adopt the following OAR 580-40-041 as a temporary rule. The staff further recommends that it be authorized to commence the necessary administrative procedures to implement this policy.

**OAR 580-40-041 Revolving Charge Accounts Policy**

1. **Institutions may adopt rules for Revolving Charge Accounts.** Such rules shall include:

   a. The criteria used to determine eligibility for participating in the revolving charge account.

   b. An institution may require a written credit application in order to determine if the criteria are met and which shall include a separately signed repayment agreement, describing the terms and conditions applicable to the transaction.

   c. All charges incurred by students and others may be eligible for revolving charge account terms. Such charges may include, but are not limited to, instruction fee, health service fee, building fee, residence hall and family housing charges, library fines, parking fines, late registration fees, and special course fees.

   d. Due dates for repayments to the institution. Unless extended, tuition and fees incurred as a result of class registration are due in full no later than the beginning of each term, but in no case will an extension be made beyond the end of the current term.

   e. The institution shall adopt rules describing to students and the eligible public customers the terms and conditions for granting credit for payment of institutional charges, including the following:
(i) A minimum of one-third of the current term’s tuition and fees must be paid at the date designated by the institution prior to or at the beginning of each term. The institution may establish provisions for financial aid recipients and third party sponsored recipients to satisfy the minimum payment by application of approved aid. The institution may establish minimum payment requirements for other institution charges. The option of payment in full always exists.

(ii) The institution may assess a service charge up to $12.00 per term.

(iii) Interest is charged each month on the outstanding past-due balance forward in a revolving charge account. The interest rate charged is to be determined by the institution, but shall be no less than 9% nor higher than 12% annual rate.

(iv) The institution may charge a collection fee to the account of each student who has not paid the prior term’s charges in full prior to the beginning of the subsequent term. The institution may charge a collection fee to the account of other public customers who have not paid their accounts in full prior to the final due date designated by the institution.

(v) Credit accounts may also be assessed all costs and charges necessary to collect any amount not paid when due, including, but not limited to, Oregon Department of Revenue, outside collection agency costs, reasonable attorneys' fees, and court filing fees.

(2) The institution may deny or cancel registration of any student who has not paid in full his/her entire accounts receivable balance prior to the designated due date for payment prior to or at the beginning of the subsequent term. The institution may suspend credit and services, and withhold grade reports and transcripts, if an account is delinquent.
Report of Public Hearing on QAR 580-40-041, Revolving Charge Account Policy

On July 16, 1990, a public hearing was held in Room 358 of Susan Campbell Hall on the University of Oregon campus, to receive testimony concerning QAR 580-40-041, Revolving Charge Account Policy. No one presented testimony concerning this rule.

Discussion and Recommendation by the Committee

In response to several questions concerning the operation of the plan, Mr. Quenzer said students would be able to make monthly payments on their tuition. If a student has not paid the total bill for a given term, the student could not register for a succeeding term until the bill was paid. Students who are behind in payments would not be stopped from attending classes for that term.

Mr. Bailey asked whether there would be a credit analysis in connection with the plan. Mr. Casby said the rule permits credit analysis but how that authority would be administered would be determined at the individual campuses.

With respect to interest charges, the minimum rate is 9% up to a maximum of 12% if an individual campus requests a higher rate. Interest would be charged on the unpaid balance.

In discussing the policy issues with respect to charging interest for the revolving charge accounts, the following points were made:

1. The student is borrowing money from the institution, and the interest charge represents a payment for that service. The Board's policy still requires that tuition is due at the beginning of the term. The plan permits the student to defer payment and essentially represents a credit transaction.

2. It could also be argued the student is paying for services yet to be used.

3. Tuition has increased significantly and a further increase is proposed for next year. It would be a nice accommodation for students to be able to pay their tuition as they earn the money without also charging them interest on the money needed for the higher tuition rates.
4. The interest charge is compensation for the cost of using the money that would otherwise be available to the institution. The rate is considerably below the market rate, and it would be very difficult for students to get any kind of financial aid at that rate.

5. The administrative costs would be addressed by a $12 service charge.

6. Students presently can enroll and take classes before the final full payment for a particular term is completed by entering into a deferred tuition arrangement. This is quite an elaborate procedure and interest is charged on the deferred tuition.

7. The proposed policy was designed to replace eventually the deferred tuition program but would be a revolving charge account with a service charge.

8. The program is very similar to the one at Lane Community College.

President Byrne asked whether a student who used a credit card would encounter an interest charge from the State System as well as from the credit card.

Mr. Casby explained that if a student used a credit card to pay tuition at the start of the term, the institution would be paid and there would be no interest charge from the institution. The only interest would be between the student and the agency providing the credit card. The agency also would assess credit card interest in the event the student uses a credit card to make payments on the revolving charge account. If the student chooses the revolving charge account feature and pays part of the tuition at the start of the term and the balance over the remainder of the term, no credit card charges would be involved.

The Committee recommended that the Board approve the staff recommendation and adopt the proposed temporary rule on roll call vote.

Board Discussion and Action

Mr. Bruggere presented the report and recommendation from the Committee, noting it was agreed the idea of paying on a monthly basis was innovative and desirable but that the additional fees and interest charges might be somewhat harsh in view of the increase in tuition.
There was further discussion with respect to the interest rate and service charge. The comments related to clarification with respect to the percentage charged, the procedure, and the purpose for making the charge. They were similar to the questions raised during the Committee discussion.

Mr. Quenzer commented that the interest rate was substantially lower than a student would pay on most credit cards. He suggested the interest charge was primarily to encourage payment. Without it, conceivably everyone would pay monthly.

Miss Matthews asked why that would not be acceptable.

Mr. Quenzer said there would be a cash flow problem for the institutions, particularly on the residence halls, because they lose the interest earnings on the funds when payment is made throughout the term. Tuition funds are invested by the State Treasurer, and the state treasury would lose the interest which would otherwise be earned on those funds.

Mr. Hensley asked whether the staff could foresee any major problems ahead in debt retirement on the bonds related to these fees.

Mr. Quenzer said the policy was one that should be reviewed after a year to see whether it needed any modification. He said this type of arrangement never had been done in the State System. The deferred tuition policy operated very differently. He noted that Lane Community College had a similar revolving charge account policy which worked very successfully for that institution.

Mr. Bruggere noted that information from students indicated they were very enthused about the idea of having monthly payments. He commented that interest fees, and fees in general, raised both emotional and financial considerations.

Mr. Bruggere recommended that the Board approve the proposed policy, with the understanding the staff would bring it back to the Board within a year for review of the program and some of the concerns raised during the discussion.

The Board approved the Committee recommendation subject to the review suggested by Mr. Bruggere. On roll call vote, the Board adopted as a temporary rule, QAR 580-40-041, Revolving Charge Account Policy. The following voted in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.
Staff Report to the Committee

With the hiring of Weldon E. Ihrig, the title of Executive Vice Chancellor is being replaced by that of Vice Chancellor for Finance and Administration. Amendments to the Board’s Administrative Rules and Internal Management Directives have been prepared to reflect this change. These include QAR 580-11-045, 580-21-030, 580-40-005, 580-40-015, 580-40-020, 580-40-025, 580-40-030, 580-41-010, 580-42-010, 580-43-016, 580-50-010, 580-50-015, 580-50-020, 580-50-028; and IMD Sections 1, 6, and 7.

When notice was prepared for the Secretary of State, QAR 580-40-005 and 580-50-015 inadvertently were omitted from the list of rules to be amended. However, the purpose stated in the notice was that all references to the Executive Vice Chancellor or Office of Administration were to be amended.

A public hearing will be held on July 16, 1990, to receive comment and testimony on the proposed Administrative Rule amendments. Ms. Rose Pong will serve as the designated hearings officer. She will publicly announce that the two rules not included in the notice are to be considered. The staff will report on any comments received.

Copies of the amended rules were distributed to Board members at the meeting.

Staff Recommendation to the Committee

The staff recommended that the Board adopt the proposed changes to its Administrative Rules and Internal Management Directives to reflect the change in title of the Office of Finance and Administration and the Vice Chancellor. The proposed amendments to the Board’s Administrative Rules and Internal Management Directives appear respectively as Supplements A and B to these minutes.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation and adopt the proposed amendments on roll call vote.

Board Discussion and Action

The Board approved the staff recommendation and adopted the proposed amendments on roll call vote. The following voted in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.
Staff Report to the Committee

Oregon Health Science University proposes to create a separate nonprofit corporation to support the Oregon Health Sciences University’s economic development and technology transfer program. While initially, the corporation would receive equity in technology on the Oregon Health Sciences University’s behalf, the staff foresees the corporation managing, by contract, technology transfer and economic development programs for Oregon Health Sciences University and other health research organizations. Staff brings the concept to the Board for its approval.

Initially, Oregon Health Technologies Corporation will accept equity in a company or invention in return for licensed technology. In the future, if technology volumes warrant, Oregon Health Technologies Corporation may become an operating entity and contract with Oregon Health Sciences University for management of the economic development and technology transfer program. Additionally, Oregon Health Technologies Corporation could provide similar services to other health research organizations in the state.

At a minimum, Oregon Health Technologies Corporation will provide a useful tool in Oregon Health Sciences University’s effort to create new Oregon businesses. In its more ambitious form, Oregon Health Technologies Corporation could serve Oregon’s health research institutions as a nonprofit business providing them with a highly visible single entity to attract investors or pharmaceutical, biotechnology, and other companies.

Oregon Health Technologies Corporation will be a tax exempt, nonprofit corporation whose uncompensated Board of Directors, while including the Chancellor and President of Oregon Health Sciences University, would include leaders from Oregon business and industry who could guide the development of health technology opportunities. Oregon Health Technologies Corporation will have bylaws and articles of incorporation which establish its independence from Oregon Health Sciences University.

In the immediate future, Oregon Health Technologies Corporation and Oregon Health Sciences University will negotiate an umbrella contract establishing their relationship. Under written agreements regarding specific technology licenses, Oregon Health Sciences University will remit financial benefits to Oregon Health Sciences University. Full operations could begin as described below when Oregon Health Technologies Corporation has (1) adequate initial working capital from earnings, donations, grants, and/or other sources plus (2) five year service agreements with Oregon Health Sciences University and other organizations assuring coverage of the fixed and variable operating costs of services.
Oregon Health Technologies Corporation will establish a basic business agreement with each health research organization choosing to use its services.

* Full service agreements will include: (1) the services desired, (2) the manner in which OHTC will represent and consult with the client organization, (3) a process for assigning technology to Oregon Health Technologies Corporation and receiving payment in return, (4) provision for reversion of technology to the assigning organization if Oregon Health Technologies Corporation fails to fulfill the terms of agreement, and (5) the way OHTC will be compensated.

* Oregon Health Technologies Corporation will agree to assignment of technology from an organization on an all-or-none basis. Actual technology will be assigned to Oregon Health Technologies Corporation by each organization on an invention by invention basis by written agreement.

* Limited service agreements will be available to organizations not wishing to assign technology to Oregon Health Technologies Corporation.

* Oregon Health Technologies Corporation will be compensated through fee-for-service contracts and/or a percentage of earnings on assigned technology. Limited service contract fees will be set at market rates. Full service fees will be set periodically to cover Oregon Health Technologies Corporation operating costs and maintain a level of working capital and reserves established by the Board after taking into account expected earnings from limited service contracts, earnings from assigned technology, grants, or donations. Income above this level will be distributed to each organization with which Oregon Health Technologies Corporation has a full service agreement on a pro rata basis.

Oregon Health Technologies Corporation’s assets will be equal to working capital, reserves, and the cash value of office equipment less liabilities (which will include assigned technology). Upon dissolution, these assets will be distributed to each organization with a full service contract on a pro rata basis. Assigned technology will be returned to the assigning institution under the terms of the full service business agreement and/or the technology assignment agreement.

Oregon Health Technologies Corporation may choose to create or assist in the creation of other income earning enterprises and to provide financing from Oregon Health Technologies Corporation income. Such a choice would require an exception to the full service compensation and benefit concept described above. The use to
which any Oregon Health Technologies Corporation income from such enterprises is to be put will be determined by the Board at the time of creation. Any additional value of the Oregon Health Technologies Corporation's assets upon dissolution as a result of these enterprises would be distributed as above.

The staff has reviewed preliminary drafts of articles of incorporation and by-laws, but believe that the Board should approve the concept before proceeding. The staff also believes that, if the Board approves the concept, the Board should delegate further review of the development of articles of incorporation, by-laws, and specific contracts to the Executive Committee or Board President.

Staff Recommendation to the Committee

The staff recommended that the Board approve the concept of an independent, non-profit corporation to develop and market technology now being designed by employees at Oregon Health Sciences University. The staff further recommended the Board instruct the staff to confer with the Executive Committee of the Board or the Board President as the concept is implemented.

Discussion and Recommendation by the Committee

Ms. Grier asked Mr. Denny West, Director of Economic Development at the Oregon Health Sciences University, to comment on the proposal and respond to questions.

Mr. West said the request before the Committee and the Board was to support the creation of a tool that would help initially with the economic development program of the institution. Mr. West described the plan as set forth in the staff report and indicated the rationale for some of the specific details.

In response to a question, Mr. West said similar arrangements were not uncommon in other states but did not exist in Oregon. Private universities do not tend to utilize this format because they have the ability to hold equity. The typical model is a state university. He said the Washington Research Foundation in Seattle would be quite similar.

Miss Matthews asked whether this proposal would result in special legal problems in terms of the state's competing with private industry.

Ms. Grier said the proposed corporation would be a separate entity. There will be an ongoing relationship to Oregon Health Sciences University which may be extended to other health research organizations in the future. The intent is to establish one entity that could do what needs to be done.
Mr. Richardson inquired whether the proposal had been reviewed thoroughly by Mr. Casby and whether there were any underlying issues about which the Board should be informed.

Mr. Casby responded that he did not see any concerns that had not been addressed. He commented that there were precedents for this type of activity.

Mr. Bailey asked about the capital requirements to inaugurate the corporation. Mr. West said that other than the cost of incorporation there was no capital involved to create the corporation as a vehicle to take equity. Working capital would be required for an operating organization. There is no intention at this point to use the corporation in a venture capital capacity. There is some interest in a parallel venture organization which might work with this nonprofit corporation.

President Kohler said one of the purposes of creating the nonprofit corporation was to create a revenue stream for the Oregon Health Sciences University from the activities occurring on the campus.

At the request of Mr. Bruggere, Mr. West described a typical situation which might develop. He said one exciting possibility would be to pursue technology that had the ability to be the foundation of a company. There would be an agreement between the university and the nonprofit corporation in some form to transfer control of the technology to the nonprofit corporation. It would then work with financing, business, and scientific sources to generate either a new company, an Oregon version of an existing company, or an extension of an existing Oregon company. He said there are two reasons for an intermediary organization. Considerable flexibility in the process of negotiating and reaching agreement is gained through the use of a private nonprofit organization. A larger benefit is that the corporation provides a vehicle which perhaps will draw all of the health technology in Oregon together, thus creating a single entity for investors or companies who are really interested in Oregon.

Mr. Bruggere inquired about the intent of the Board oversight function incorporated in the staff recommendation.

Ms. Grier said Oregon Health Sciences University was seeking the Board's approval of the concept before the company actually was started. The reference to conferring with the Executive Committee or the President of the Board was inserted to give the Board an opportunity for continuing knowledge of what was occurring.
Mr. Bruggere said several years ago a fairly well-known venture capitalist looking at biotechnology opportunities in Oregon had said there were a lot of interesting things happening and a lot of potential but no coordination. He said if this corporation could provide that coordination, it would be a great opportunity.

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

Board Discussion and Action

Ms. Grier presented the staff report, and Mr. Bruggere summarized the Committee discussion. He said the Committee considered the proposal to be a very innovative idea and perhaps a mechanism to take advantage of moving technology from the institution into industry. The Committee members thought the plan should be considered as a concept. If it goes forward, it should be watched closely and managed and interfaced with the Board through its Executive Committee.

The Board approved the Committee recommendations, with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Accreditation Issues for Law School, UO

The Board, at its May 1990 meeting, approved a request from the University of Oregon to increase the law resources fee in the University of Oregon Law School. The Board also requested a report on the accreditation problem and a proposed resolution by the American Bar Association. The report was to include a plan for solving the accreditation issues. Mr. Miller invited President Brand to present the report.

President Brand introduced the following individuals who would assist him in presenting the report and responding to questions: Norman Wessells, Vice President for Academic Affairs; Maurice Holland, Dean of the University of Oregon Law School; Michael Dotten, President of the University of Oregon Law School Alumni Association; and Chaplin Clark, Associate Dean of the Law School. Board members were provided with an executive summary relating to the American Bar Association accreditation standards and the University of Oregon School of Law, a more extensive report with the same title, and a booklet of appendices giving detailed data on several aspects of the law school. Copies of the documents are on file in the Board's Office.

President Brand said the Law School was one of some 20 programs accredited by a professional association. The University's core is accredited through the Northwest Association of Schools and Colleges. He stated the American Bar Association accreditation
differs from most other professional accreditations in that it combines licensure with accreditation. With very few exceptions, states will not admit people to the bar unless they graduate from an accredited law school.

President Brand reviewed the history of the accreditation situation, beginning with the early planning for the state's public law school. The planned staffing and phased development of the law library have never been implemented fully, and the necessary academic support units and individuals have never been funded. Within the University, the law school budget has been enhanced modestly beyond the average on campus in order to compensate for these problems, and the law school program has been supported well at times through reallocation on campus. The law library resources, particularly the acquisitions budget, is supported with other university resources at a level far beyond what is dictated and provided by the BAS model.

President Brand said criticisms of the law school by the American Bar Association have been entirely fiscal and not qualitative. The evaluation teams who have visited the campus have praised the faculty, students, and programs. There has never been an assertion by the American Bar Association that legal education at the University of Oregon was anything less than excellent. Nevertheless the program, in their view, does not meet the standards set by the Association for minimal law school facilities, staffing, and library to warrant accreditation. The American Bar Association reviewed the law school in 1971 and 1979. In both reviews, it was critical of the program, citing two faculty and inadequate student and library support. Internal reallocations and other efforts have been judged insufficient. The American Bar Association's committee on accreditation has voted to recommend to the full board that the University of Oregon Law School be removed from the list of accredited schools, but it has agreed to postpone sending that recommendation until January 1991 on the provision that the University formulate an acceptable plan to come into compliance within the near future.

President Brand said he personally was displeased about the Bar Association's actions because he believed it was looking much too quantitatively at the law school and not paying sufficient attention to the true quality that exists in the school. The fact remains the University does not meet the Association's national standards and there is a real threat of loss of accreditation. That threat already has affected the law school's ability to recruit and retain faculty. The library situation grows worse and represents a threat to the quality of the program in the short run.
President Brand addressed the issue of maintaining public legal education in Oregon. One alternative would be to decide that it would not be possible to come into compliance for accreditation and to close the law school. The law school represents a long commitment to public legal education, both in Oregon and in other states as well. The University of Oregon Law School was founded in 1884 as Oregon's first public professional school based on the belief the ordinary person should have access to the legal profession. If there were only private law schools, then only the wealthy or those who could incur large debts would be able to enter the legal profession. This is contrary to the democratic ideal of making access to the legal profession available to all.

Job opportunities for attorneys are increasing, not merely in the legal profession, but also in private business and in the public sector. President Brand said the Bureau of Labor indicates the law profession will be growing at a substantial rate, at least through the end of the century. In addition, Oregon's population and its economic base in particular are diversifying and changing in ways that will require more attorneys. The State of Oregon benefits when a major proportion of its attorneys come from public universities. President Brand stated that closing the public law school would result in the expansion of the private schools or the opening of another private law school to meet the demand for legal education. In that event, the ordinary and general population would not have access to the legal profession because of cost. Attorneys from other states would come to Oregon in greater numbers because of the job opportunities, but they would not have the benefit of a legal education in Oregon nor the opportunity to live with the values which make Oregon what it is.

From a fiscal standpoint, the law school is relatively inexpensive in terms of higher education and particularly other professional education. Student fees pay more than half the cost, and this is not the case for any other professional school or graduate program. Consequently, there would be no significant savings in terms of funding available to the state. He then cited educational benefits to the university as a whole and the public service activities conducted by the law school.

President Brand then referred to page 11 in the law school report which outlined the projected use of the requested General Fund increase and the estimated new resource fee revenue in a multi-track funding program to resolve issues raised by the American Bar Association. If the funding for the salary package presented in the Board’s request to the Legislature is approved, the concern with respect to faculty salaries should be addressed adequately. The increased student resource fee will be applied to library and other resource needs. A third funding element to resolve the accreditation issues will involve an ambitious fundraising program including private sector funding. Even with
these three additional revenue sources, the law school will still be significantly short of the funding required to meet the minimum compliance level of the American Bar Association. He said he had requested that $750,000 per year be added to the base budget of the law school and that amount was in the budget request to the Legislature and the Governor's Office. Those funds will be used primarily for five faculty positions to attain the minimum student/faculty ratio.

President Brand noted there was a short-term and a long-term solution to the law library. The short-term solution will be through a minor remodeling program in the capital budget to improve use of existing space and the provision of interim storage facilities or perhaps compact storage. A commitment of 25,000 square feet of additional library space is essential. This will be placed on the list of capital projects for an early biennium to be available when the interim solutions are exhausted. He said he was satisfied this would be an acceptable solution to the American Bar Association.

President Brand concluded by saying the law school was a vital and important component of the State System and the University of Oregon. The institution would be less of a comprehensive university without the law school. He urged the Board not to underestimate the importance of providing public access for ordinary people into the legal profession. Since the University of Oregon Law School is the only public law school in the state, it must be continued in order to provide that access.

Mr. Miller said the following questions appeared to be emerging:

1. Should the University of Oregon Law School survive.
2. If so, who should address the funding.
3. How realistic are the American Bar Association's accreditation criteria and do the rules change as corrections are made.
4. How should comments about the BAS Model inadequacies be addressed.

Ms. Wilson said she would like to explore a further alternative of possible coordination and collaboration for utilizing resources of Lewis and Clark and Willamette University. She said she would also like further clarification of the alternatives and options with respect to accreditation standards.

There was a brief discussion of the financial elements which were being proposed. The cost to meet accreditation standards 1991-1993 would exceed $2.6 million. Law school students would be assessed increased fees to raise nearly $350,000. The faculty salary package would finance an additional $350,000, and $400,000 would be included in the 1991-1993 Capital Construction request to remodel the law library. An additional request for $1.5 million would be made to assure that the law school remains fully accredited.
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Dean Holland then addressed Ms. Wilson’s inquiry concerning the accreditation standards. He said a state university law school had no alternative but to attempt to comply with the American Bar Association’s standards, many of which have nothing to do with budgets. Sometimes funding is an issue but many relate to the quality of teaching and research, on all of which the University of Oregon Law School is in full compliance. The American Bar Association monitors the quality of every law school in the United States which seeks to have accreditation. It has a national set of standards for what constitutes minimally adequate standards, including support for physical facilities, faculty salaries, and other factors. As indicated, students seeking admission to the Bar in Oregon and other jurisdictions are required to have a law degree from a school accredited by the American Bar Association. He said he thought it was inconceivable that any state university, particularly a research university of the quality and the stature of the University of Oregon, would have anything other than an accredited law school.

Ms. Wilson said she would agree that accreditation of the law school should be maintained. She referred to a statement that the American Bar Association judged the adequacy of law school funding by the claims of quality and stature the school advances. She indicated she understood that to mean that the claim was being assessed and that if a different quality standard were advanced, the law school could still be accredited. She asked whether the University of Oregon had the flexibility to have a different claim and therefore be accredited at the current level of funding, resources, and other support.

Dean Holland said the claim that the law school makes is derived from its being part of the University of Oregon, which is a major research-oriented university with a national, and to some extent international, stature and standing. As part of a major research university, the law school has similar expectations for the faculty it recruits. Students receive the benefit of obtaining their legal education at this kind of institution. He said he did not see that the law school would have the flexibility to pretend to be a different kind of institution operating at a different level than the university generally. He said it would be an odd and awkward disclaimer for the law school to state it was in a special category of lower standards of faculty, teaching and research, even though it was located in the University of Oregon, a really high quality university.

Mr. Mike Dotten, President of the University of Oregon Law School Alumni Association, said he did not think the American Bar Association’s accreditation standards were flexible with respect to the claim made by a law school. He said he believed the statement in the report meant that one of the reasons the University
of Oregon was being used as a test case was because its claim as a nationally prominent law school and not meeting the standards seemed to be inconsistent. The University of Oregon Law School not only is not meeting its own standards but also is not meeting the arbitrary minimum standards set by the American Bar Association.

Mr. Miller asked whether those standards were absolutely clear and could be clarified so that the Board, if it undertook a plan to remedy those deficiencies, would know exactly what it would take and have a fairly close estimate of the cost.

Dean Holland said the American Bar Association standards were not that specific. For example, they specify a physical plant adequate for current program and enrollment, but they do not specify a certain number of classrooms or square footage. They do not specify a dollar amount for support but look at the school and its problems and reach the judgment the budget is inadequate.

Mr. Miller said he did not see how the Board could work with such indefinite standards. He asked whether it would be possible to strike an accord and clarify the issues, assuming the Board wanted to undertake the project. The Board would then know what it was dealing with and perhaps even have legal recourse.

President Brand said he believed the American Bar Association was correct in talking about a student/faculty ratio when compared with all other institutions. It was also correct with respect to faculty salaries and other issues. He stated he was convinced a reasonable proposal had been prepared to bring the law school into compliance with minimal standards on those counts and to continue quality. In the event the American Bar Association said the proposal, if approved and funded, was still an inadequate response, President Brand said he would be willing to challenge that decision, perhaps in the courts, because the rules were being changed in the middle of the game. It is not possible to challenge the American Bar Association’s decision now because it is correct. The law school is not in compliance by any reasonable comparative standards, but the plan before the Committee and the Board would bring the University into the mainstream of state law schools. Under those conditions, the American Bar Association should have no reason at all, unless it is prejudicial, for withholding accreditation.

Mr. Dodson said he was very sympathetic to the problems faced by Dean Holland in trying to recruit faculty and sustain a law school in this kind of situation. He said personally he believed it would be a tragedy to do anything that tampered with a 100-year history of an eminent law school. Nevertheless, the concerns which have been expressed probably were realistic in
terms of when this moving target begins to stop and some kind of resolution can be reached. Mr. Dodson asked whether the Board would have a chance legally in challenging the American Bar Association's less well-founded positions if it were to approve the incremental level and some ambiguity still remained with respect to the accreditation issues. He also asked how it would be possible to recruit faculty and students and keep a great institution going during such a challenge and debate over an extended period of time.

Dean Holland said it was difficult to discuss with candidates for faculty appointments the accreditation problem with the American Bar Association and to indicate the issues reflect at least 20 years of serious underfunding. The decision was made a number of years ago to have the kind of a law school which now exists. After having built a magnificent physical plant by the standards of the time, the state essentially has walked away from the law school and funded it at about 75% of the national standard for a state university the size of the University of Oregon. The Bar Association has been lenient during Oregon's fiscal difficulties, but is now taking the position that enough is enough and no effort is being made. Dean Holland said the people involved in the accreditation process were not unrealistic people but they do not believe the State of Oregon and the State System really have done what was reasonably possible as well as necessary. They also know that the State of Oregon is now very well fixed in terms of the economy and state revenue. They are saying something now must be done substantially to rectify these problems so that the University of Oregon can recruit the quality of law professors that can be recruited in similar states.

Dean Holland said no one could guarantee that the law school would receive a letter of abscission a year from now, if this proposal were approved by the Board and the Legislature. However, he said the people involved in this process were reasonable, they knew what was possible, and he believed they would respond very favorably to a substantial effort to move in the right direction. Dean Holland said they had responded very favorably to President Brand's appearance before the committee last January when he told them that as a new president in a very difficult situation he had given a very high priority to the law school problem from the very beginning.

Mr. Adams commented that if this accreditation board were similar to others it would not want to be restricted with too many specifics. It has listed deficiencies which need to be eliminated. If the Board responds with this very realistic and worthwhile program indicating the kinds of improvements it wishes to make, the accreditation is likely to consider that. He said he would anticipate a favorable response if funding were provided for the major items. Mr. Adams said the Board should respond to the concerns of the accreditation board and should not be in an adversarial relationship with the American Bar Association.
Mr. Adams cited two other reasons for maintaining and improving the University of Oregon Law School. One of the members of the Board is a graduate and represents some of the good things that come from this institution and from a public law school. The law school also has several specialties related to environmental areas which may or may not be a part of the program in the other schools in the state, but they are of benefit to the State of Oregon.

Dean Holland read a comment from the July 18 issue of a national newspaper, USA Today, which stated: "In the legal business, the environment is the great frontier. Environmental law is the fastest growing specialty for lawyers." In commenting on education, the article states: "Most law schools offer some environmental classes, while a few offer extensive programs. One of the leaders is the University of Oregon in Eugene." He noted this is a field of law that is going to become very, very much more important to business. The article indicates further it is precisely the large law firms and those that represent business that are desperately looking for well-trained environmental specialists and not finding them in adequate numbers.

Mr. Miller asked whether it would be possible to get some indication from the American Bar Association which would be tantamount to approval.

President Brand said a report would be made to the American Bar Association on December 15, 1990. If this plan is approved by the Board and forwarded as a recommendation, it will be presented to the accreditation committee of the Association in December. The committee will have an opportunity to comment on the plan at that time, and the response should give some indication with respect to possible approval.

Mr. Miller said with that comment it would not be inappropriate for the Board's Committee to concur that the University of Oregon Law School should be saved, that these are deficiencies which should be corrected, and to recommend to the Board that the funding proposal and package go forward conditional on some favorable response from the American Bar Association that the proposal is in line with its thinking. He commented that he was totally unwilling as an individual to go any farther than that because he did not have the trust and faith the standards were clear enough and there was not a moving target.

President Brand said this was an interesting strategy and he was not at all uncomfortable with that suggestion.

Ms. Wilson said Board members still needed to deal with the basic question of whether they wanted a law school at the University of
Oregon in the present financial situation in Oregon. If so, then
everything else follows. She called attention to the issues of
market supply and demand and collaboration and coordination with
the two private law schools in the state.

President Brand said those questions had been asked at the insti-
tution and the green document contained all of the data. The
state has only one public law school, and that is a very critical
point. President Brand said that if there were not a public law
school, access for ordinary people to the profession of law would
be limited. Any number of private law schools would not compen-
sate for the lack of a public law school in any way. To the ex-
tent Oregon wants to continue the democratic public ideals and
values of the state, it needs a public law school. If the public
law school closes, the private law schools will expand or a new
one will open to meet the documented demand, but they will never
compensate for the loss of a public law school.

In commenting on a suggested way of proceeding, the Chancellor
called attention to the fact that the law school was not the only
professional school facing accreditation problems. There are
significant threats to other professional education programs in
the State System, such as veterinary medicine and pharmacy, which
further complicate the law school decision. If it is decided
the proposed commitments to the American Bar Association repre-
sent realistic numbers based on appropriate assumptions, they
would then go forward. Assuming this also is done with the other
professional programs, there could then be problems with commit-
ments to the various accrediting bodies if the Legislature were
to appropriate only a portion of the necessary funds to fulfill
the proposals. Decisions would then be required on what should
be eliminated. He said the budget discussion later in the meet-
ing would be considering this whole problem and it would be im-
portant not to promise more than could be delivered.

Mr. Miller agreed that a promise could not be made but said some
decision was required on the law school proposal.

The Chancellor said he was not sure a promise should not be made
but it could not be taken out of context with the other issues
mentioned above. He stated that where there is a licensure im-
plication involved, accreditation standards seem in some broad
sense to be reasonable, not simply capricious. There is no
choice but to meet them. For that reason, the budget proposals
have accreditation issues in general so high in priority. That
does not eliminate the problem raised by Ms. Wilson with respect
to how many professional programs the state should maintain and
whether law should be one of those programs.
Mr. Dodson suggested that the Committee and the Board approve President Brand's earlier suggestion to proceed with what is believed to be a reasonable response to the American Bar Association's concerns and obtain any possible informal reaction from the Association. He said it was essential to deal with the team that started the negotiations and it would not be appropriate for a board to become involved. He stated there would be an opportunity to reexamine the situation following the December 15 meeting with the accreditation committee because that meeting would coincide with the transmittal of the budget to the new Governor. In the event the law school proposal does not appear to be satisfactory to the accreditation committee, the Board may need to make some difficult decisions at that point.

President Brand said he agreed with that approach entirely. He suggested that the University of Oregon submit this reasonable proposal within the process started by the American Bar Association. He said if either a formal or informal negative response was received, he would return to the Board for further discussion.

Mr. Miller said that approach would satisfy his concerns.

Mr. Dodson expressed confidence in the negotiating team. He also urged that a very candid discussion be maintained on this issue so that the Board would not receive proposals for the first time at its December meeting and be faced with the necessity for making a decision immediately without adequate background and time for review.

President Brand assured the Committee this would not happen. The issue is a very crucial decision for the University of Oregon and the State System. If it appears the University will face a very difficult decision, or even a prospect of that, he said he would immediately seek Board input and advice.

Mr. Dodson said he would like to receive informal reports, and President Brand said he would keep the Board as informed as possible, although it would be on an informal basis at least until December.

**Board Discussion and Action**

Mr. Miller summarized briefly the lengthy discussion of the law school situation during the meeting of the Committee on Instruction. He said the consensus of the Committee was to permit President Brand to carry the proposal to the American Bar Association as soon as possible. This would occur no later than
December 1990, at which time some indication might be received as to the Association's reaction to the proposal. He said no action was required from the Board at this time unless other Board members disagreed with the consensus of the Committee. There being no objection, President Brand will proceed as planned.

Proposal To Continue Participation in WUE Program of WICHE

Staff Report to the Committee

Oregon State System of Higher Education institutions request authorization to continue participation in the Western Undergraduate Exchange.

In 1987, the Western Interstate Commission for Higher Education (WICHE) formed the Western Undergraduate Exchange (WUE), a student exchange program through which students may enroll on a space-available basis in designated programs at institutions in other participating states at a reduced tuition level. The tuition charged to Western Undergraduate Exchange students is 150% of the admitting institution's resident rate. In all programs, the tuition charged to Western Undergraduate Exchange students is substantially less than nonresident tuition.

The purpose of the Western Undergraduate Exchange is twofold:

1. To maximize the use of educational resources by attracting additional students to under-enrolled programs; and

2. To increase student access and choice.

In July of 1988, the Board authorized State System participation in the Western Undergraduate Exchange beginning fall term 1989. In July 1989, the Board authorized continued participation for 1990-91. This request is for participation in 1991-92.

The Board has specified that all programs available to Western Undergraduate Exchange students must be able to accommodate a limited number of additional students without requiring additional resources.

In addition, the programs must meet one of the following criteria:

1. The program is under-enrolled; or

2. The program is highly specialized and offers a unique opportunity to students in other states.
The Board's guidelines for Western Undergraduate Exchange participation require that:

1. Western Undergraduate Exchange admissions shall be on a space available basis and limited to programs approved by the Board. Shifting among majors will result in a loss of Western Undergraduate Exchange status.

2. In consideration of the Board's enrollment management policy, Western Undergraduate Exchange admissions shall be limited to upper-division transfer students, except in the case of the University of Oregon's Honors Program which must enroll students at the freshman level, and professional programs whose curricula begin prior to the junior year;

3. Institutions shall monitor Western Undergraduate Exchange enrollments to ensure that students enroll only in Board approved programs.

4. Institutions shall provide an annual report to the Board's Office reflecting the number of Western Undergraduate Exchange students enrolled by program.

5. A Western Undergraduate Exchange student enrolled in accordance with the above guidelines shall continue to be eligible for the Western Undergraduate Exchange tuition rate for the duration of his or her undergraduate academic program, even if the Board subsequently removes that program from the approved list.

Board approval has been on a year-to-year basis, with continued participation to be determined following a review of the program experience.

In 1988-89, the first year of Western Undergraduate Exchange operation, 643 students enrolled at 56 institutions in ten states. Oregon was not a participant that year. This year there are 2,493 Western Undergraduate Exchange students enrolled at 74 institutions in 12 states. Thirty-five Western Undergraduate Exchange students are currently enrolled in Oregon institutions, and 118 Oregonians are enrolled as Western Undergraduate Exchange students in other states. The tables appended to this report detail the programs and institutions attended by Oregonians and out-of-state students through the Western Undergraduate Exchange. Coordination costs have been minimal and OSSHE participating institutions have responded favorably to the program.
The following programs were approved in July 1989 for Western Undergraduate Exchange participation:

EASTERN OREGON STATE COLLEGE

B.A./B.S. Fire Service Administration

WESTERN OREGON STATE COLLEGE

B.A./B.S. Fire Service Administration

SOUTHERN OREGON STATE COLLEGE

B.F.A. Theatre
B.A./B.S. in Geology
B.A./B.S. in General Studies:
Biological Illustration (Biology; Art)
B.A./B.S. in Criminology
B.A./B.S. in Business/Chemistry
B.A./B.S. in Business/Mathematics
B.A./B.S. in Business/Music
B.A./B.S. in Business/Physics

OREGON INSTITUTE OF TECHNOLOGY

Health Technologies
A.A.S./B.S. in Dental Hygiene
A.A.S./B.S. in Medical Imaging Technology
B.S. in Medical Technology
B.S. in Nursing

Arts and Sciences
A.A.S./B.S. in Laser Electro-Optics Technology

Business Technologies
B.S. in Office Automation Technology
B.S. in Industrial Management
A.A.S. in Accounting Technology
A.A.S. in Office Systems Technology

Engineering Technologies
B.S. in Civil Engineering Technology
A.E./B.S. in Computer Engineering Technology
A.E./B.S. in Electronics Engineering Technology
A.E./B.S in Manufacturing Engineering Technology
A.E./B.S. in Mechanical Engineering Technology
A.E./B.S. in Software Engineering Technology
B.S. in Surveying
A.A.S./B.S. in Diesel Power Technology
A.E. in Public Works Engineering Technology
A.E. in Structural Engineering Technology
A.E. in Surveying Engineering Technology
OREGON STATE UNIVERSITY

College of Agriculture
B.S. in Food Science and Technology
B.Agr./B.S. in Poultry Science

College of Engineering
B.S. in Nuclear Engineering

College of Forestry
B.S. in Forestry

College of Health and Human Performance
B.A./B.S. in Safety Studies
B.A./B.S. in Environmental Health
B.A./B.S. in Health Care Administration

College of Home Economics
B.A./B.S. in Housing Studies
B.A./B.S. in Family Finance and Consumer Studies
B.A./B.S. in Apparel Design
B.A./B.S. in Interior Merchandising
B.A./B.S. in Food Systems Management
B.A./B.S. in Dietetics
B.A./B.S. in Foods and Nutrition

Option in:
Community Nutrition
Clinical and Therapeutic Dietetics
Foods in Business
Home Economics Communication
Home Economics Education

PORTLAND STATE UNIVERSITY

B.A./B.S. in Speech and Hearing Sciences
B.A./B.S in Applied Linguistics
B.A./B.S. in Administration of Justice
Certificate of Urban Studies

UNIVERSITY OF OREGON

College of Arts and Sciences
B.A. in Classics
B.A. in Honors College
B.A. in American Studies

School of Architecture and Allied Arts
B.A. in Art Education
The following changes have been requested by the institutions:

1. Eastern Oregon State College requests deletion of the BA/BS in Fire Service Administration. Fire Service Core courses are no longer offered on the Eastern campus because the greatest concentration of students in that major are part-time and reside in the Portland metropolitan area and Southwest Oregon.

Because Fire Service Administration is the only Western Undergraduate Exchange program at Eastern, removal of the program will remove Eastern from the list of participating institutions. However, out-of-state students have little incentive to apply to Eastern under Western Undergraduate Exchange because Eastern does not charge a nonresident tuition differential. There are no students currently attending Eastern.

2. Oregon Health Sciences University requests inclusion of the B.S. in Medical Technology and the B.S. in Dental Hygiene. Both of these programs are under-enrolled and additional resources would not be necessary to accommodate a limited number of Western Undergraduate Exchange students.

3. Southern Oregon State College and Portland State University request approval to expand Western Undergraduate Exchange eligibility to include lower-division students. These institutions report that Western Undergraduate Exchange is of limited value so long as the current eligibility restrictions continue. Very few upper-division students have applied to these institutions for admission under the Western Undergraduate Exchange program. The majority of applicants requesting Western Undergraduate Exchange status are lower-division students in programs that do not fit the Board's exception to the upper-division limitation. These institutions report they would have better flexibility to fill under-enrolled programs if lower-division students were eligible.

Twenty-eight of the 35 Western Undergraduate Exchange students in Oregon are lower-division students. Five of these students are in the Honors Program at the University of Oregon, and 23 are in programs at Oregon Institute of Technology having major requirements beginning at the freshman level. Oregon is the only state that limits Western Undergraduate Exchange participation to upper-division transfer students.
Staff Recommendation to the Committee

The Board's staff recommended continued participation in the Western Undergraduate Exchange in 1991-92 with the following changes:

1. Deletion of the BA/BS in Fire Service Administration at Eastern Oregon State College.

2. Addition of the B.S. in Medical Technology and the B.S in Dental Hygiene at the Oregon Health Sciences University.

3. Modification of the established guidelines on a trial basis for one year to allow Portland State University and Southern Oregon State College to admit lower-division students into their Board-approved programs provided that the total number of Western Undergraduate Exchange students at Portland State University does not exceed 20 and the total number of Western Undergraduate Exchange students at Southern Oregon State College does not exceed 15.

Board approval is requested for one year. Continued participation will be determined based on annual review of enrollment rates and institutional experience with the program.

Discussion and Recommendation by the Committee

In presenting the staff report, Ms. Virginia Boushey indicated she did not anticipate the requests from Portland State University and Southern Oregon State College to expand the eligibility of Western Undergraduate Exchange students on their campuses to lower-division students would be inconsistent with enrollment management. It will give students an incentive at these two schools to go into the lower-demand programs and perhaps smooth the distribution in their enrollments. Both institutions, however, are willing to limit the overall enrollment of Western Undergraduate Exchange Students as a safeguard in case the expansion should lead to too many students from the undergraduate exchange.

Ms. Boushey said other states participating in the program alleviate any potential problems of over-participation leading to lower tuition revenue by requiring that enrollment be on a space-available basis. Some states designate a limit on the number of students. With two or three exceptions, Oregon is the only state that currently limits its participation in the Western Undergraduate Exchange to upper-division.
Mr. Adams inquired whether enrollment concerns were the only reasons limiting the program to upper-division students.

Ms. Boushey responded that in reviewing Board minutes from the previous discussion on the Western Undergraduate Exchange program and in talking with the original coordinator, it appeared the Board was concerned about whether the program would be consistent with enrollment management if it were open to all students from the freshman to the senior level. Portland State University and Southern Oregon State College feel the restriction limits them so much they are barely able to participate in the program.

Mr. Adams suggested that unless there was a real problem with the finances because of the limitation on the tuition, the Board perhaps could waive the requirement limiting participation to upper-division students, noting that Oregon sends 118 students and only receives 35.

Ms. Boushey indicated this would be consistent with the participation in other states, especially since the enrollment is limited according to space in the program. She said since the Board was only approving programs that had low enrollment and could accommodate more students without additional resources, this also serves as a safeguard against an influx of too many exchange students. She also indicated other institutions in addition to Portland State University and Southern Oregon State College had commented on the difficulty posed by the limitation but did not seek an exception.

Ms. Wilson asked whether the students under the Western Undergraduate Exchange program make any difference in terms of whether an under-enrolled program would remain in existence.

Ms. Boushey stated she had not looked at the numbers in the programs but could include that information in future reports.

Ms. Wilson said that, if a program were being kept open because of these students, the Board probably would want to close it and reallocate the resources to something else that might be a priority. It was indicated this was not a problem at the present time because the numbers were small.

The Committee recommended that the Board approve the staff recommendation with elimination of the limitation on upper-division transfer students and no limitation on the numbers. The Committee also recommended that the Board evaluate the program at the end of the one-year period.
Board Discussion and Action

The Board approved the Committee recommendations as presented, with the following voting in favor: Directors Adams, Bailey, Bruggere, Hensley, Johnston, Matthews, Miller, Swanson, Wilson, and Dodson. Those voting no: None.

Graduation Rates of Student Athletes

Mr. Miller said the Committee on Instruction had not forgotten the report on graduation rates of student athletes. In view of the changes in Board membership which will be occurring, he suggested that any comments from Board members would be valuable to the Committee on Instruction when it does consider the report.

Mr. Johnston said he would urge the Board to continue the study while the individuals were still in the cohort. He said it had been a valuable study and the costs were nominal. Mr. Hensley supported the suggestion, noting the National Collegiate Athletic Association was expected to require this type of reporting in 1991. He stated the continuity of continuing the study and keeping the established information available would be very valuable for the entire State System. Maintaining the study also would place Oregon at the forefront in reporting for the NCAA.

1991-1993 Biennial Budget, OSSHE

Introduction

Oregon needs a high quality, accessible system of higher education, which will enable Oregonians to reach their full potential and which will support the diversification and competitiveness of its economy. Higher education, along with other sectors of education, must play its role in developing the human capacity on which the state’s future will depend.

The Chancellor’s 1991-1993 budget proposal is carefully aimed at strengthening successful programs and lengthening higher education’s reach in three key areas.

Strengthening the Fundamentals

Higher education’s service to Oregon can be no stronger than the people who work on its campuses, and we must compete for such people in an increasingly competitive national market. Because the state has not been making the investment in people, Oregon is losing good faculty and often failing to recruit vital replacements, thus jeopardizing the talent pool that required two decades or more to build. Strengthening faculty salaries is imperative in the face of national recruiting competition that is becoming arguably the stiffest Oregon has ever encountered.
A corollary to retaining and attracting faculty who can best serve Oregon is ensuring that their work is not thwarted by inadequate or non-existent teaching equipment, outdated laboratories, underdeveloped libraries, and curtailed basic services such as photocopying of instructional materials. Therefore, we must also improve the rate at which we equip and update such facilities and maintain them once they are in place.

**Serving State Needs**

Oregon has done a good job of identifying its economic- and social-development goals and, in virtually every instance, higher education must make a major contribution if the state is to reach these goals. The Chancellor proposes to strengthen higher education's capacity to support the state's programs, initiatives and objectives of an educated citizenry, a competitive economy, and the high quality of life that Oregonians desire.

**Emerging State Priorities**

In support of statewide objectives, the Chancellor has identified three emerging areas where higher education can begin helping now. One is intensifying and expanding higher education services to metropolitan Portland, where half of the state's population lives. Another is in engineering education and research, where Oregon boasts a strong foundation on which it must build aggressively. The third relates to health-care delivery in Oregon's small towns and rural areas.

The specifics of the Chancellor's proposals were recommended after many hours of work by five task groups that examined faculty support and development; articulation among education sectors; continuing education, off-campus education and ED-Net; international competence; and advanced research and doctoral programs.

To complement higher education's ability to serve the state's educational, economic, and emerging needs, the Chancellor proposes a capital construction budget to complete projects already begun, to initiate projects that will leverage outside funds and, most important, to preserve Oregonians' investment in existing facilities that are in desperate need of maintenance, repair and renovation. The central aim would be to complete what we have done and maintain what we have, and not expansion.

The Chancellor's recommendations are supported by proposed budget recommendations appropriate to the tasks for the biennium, recognizing that the Governor and the Oregon Legislature may adjust them up or down in accordance with the state's public priorities for higher education services and with the availability of revenue.
The State System of Higher Education will be accountable for the resources provided for its stewardship. The Chancellor made a similar commitment to the 1989 Oregon Legislature and will be prepared to report to legislators and the public how the State System managed the resources appropriated for 1989-1991.

The Budget Request for 1991-1993

The Oregon State System of Higher Education’s budget request for 1991-1993 includes both services provided in the base budget (continuing) and additional funds to expand services to the state.

The base budget has been developed to ensure that the purchasing power of the operating budget can be continued in 1991-92 and 1992-93. To ensure that, the following adjustments are proposed to the 1990-91 operating level:


2. The operation and maintenance of all new buildings that came on-line during 1989-1991, and those to come on-line during 1991-1993, will be financed.

3. Inflation adjustments of 4.8% per year will be applied to equipment and general services and supplies. Libraries, facing soaring materials costs, will be budgeted for acquisitions at an annual inflation rate of 17% for universities and 12% for colleges (reflecting national surveys).

The Oregon State System of Higher Education also presents budget requests for funds to stabilize, strengthen, or expand services in the base budget. This portion of the budget is organized into "decision packages." The decision packages for 1991-1993 are structured around themes that address the needs of the institutions to serve the State of Oregon. Further discussion on each theme will follow.

There has been no attempt at this point to identify the number of faculty and staff positions associated with many of the decision packages. The Board should be aware, and acknowledge, that approving dollar requests carries with it implicit approval to request an appropriate number of positions, including those which are from self-support funding sources.
Tuition Policy for 1991-1993

The 1991-1993 budget assumes an increase in instruction fees of 5% per year at the colleges and 6.7% per year at the universities. The recommended increases are predicated on the following:

1. The increase at the universities will be greater than that at the colleges so that a 10% university-college differential in instruction fees will exist by the end of the 1991-1993 biennium. The Oregon State Board of Higher Education discussed a policy of differential instruction fees at its March planning session. In May, the Chancellor reported to the Board that he recommended implementing such a differential beginning in 1990-91 with instruction fee increases of 9.95% at the universities and 8.25% at the colleges.

2. Tuition recommendations will keep Oregon institutions at, or nearly at, their current relative rankings regionally and nationally. Regionally, Oregon ranks in the top third and nationally in the middle. Nationally, tuition has been increasing between 6% to 7% per year. Therefore, if tuition in Oregon increases less than 7% per year the relative rankings of Oregon institutions should not change.

3. Instruction fee income above what is needed to fund the base budget is used to complete the Education and General budget request.
BUDGET SUMMARY

The following table summarizes the requests for 1991-1993 that are in addition to the amounts necessary to maintain the current base budget:

<table>
<thead>
<tr>
<th>THEME</th>
<th>1991-1993 Biennial Request General Fund</th>
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</thead>
<tbody>
<tr>
<td>A. EDUCATION AND GENERAL SERVICES</td>
<td></td>
</tr>
<tr>
<td>1. Faculty (Unclassified) Salaries and Support</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>2. Stabilizing and Strengthening Existing Priorities</td>
<td>20,600,000</td>
</tr>
<tr>
<td>a) Equipment, Supplies and Services for Undergraduate Instruction</td>
<td>9,600,000</td>
</tr>
<tr>
<td>b) Capital Repair</td>
<td>5,000,000</td>
</tr>
<tr>
<td>c) Accreditation Requirements for Professional Schools</td>
<td>6,000,000</td>
</tr>
<tr>
<td>3) Targeted Support for State Development</td>
<td>15,490,000</td>
</tr>
<tr>
<td>a) Existing Programs for Economic Health</td>
<td>6,040,000</td>
</tr>
<tr>
<td>b) Opportunity Funds for State Initiatives</td>
<td>1,500,000</td>
</tr>
<tr>
<td>c) State Match of $19 million of Private Gifts</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Universities</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Colleges</td>
<td>400,000</td>
</tr>
<tr>
<td>d) Increasing International Competence of Students and Faculty</td>
<td>2,000,000</td>
</tr>
<tr>
<td>e) Outreach Services to Non-traditional Students (EdNet, Cont. Ed., COCHE)</td>
<td>3,550,000</td>
</tr>
<tr>
<td>f) Human Development Education</td>
<td>500,000</td>
</tr>
<tr>
<td>4) Emerging Major Initiatives</td>
<td>10,200,000</td>
</tr>
<tr>
<td>a) Oreg. Ctr. for Grad. and Prof. Ed. at PSU</td>
<td>3,000,000</td>
</tr>
<tr>
<td>b) Graduate Engineering and Research</td>
<td>5,000,000</td>
</tr>
<tr>
<td>c) Health Outreach Services</td>
<td>2,200,000</td>
</tr>
</tbody>
</table>

Education and General Total $96,290,000

General Fund 86,290,000

Tuition 10,000,000
B. STATEWIDE PUBLIC SERVICES

1. Oregon State University
   a) Agri. Experiment Station\Coop. Extension Service $3,000,000
   b) Forest Research Laboratory 3,400,000
   
   Subtotal OSU 6,400,000

2. Oregon Health Sciences University
   a) Hospital -- Indigent Care Funding $14,000,000 *
   b) Child Development and Rehabilitation Center 985,700
   c) Dental Clinics 120,000
   
   Subtotal OHSU 15,105,700

Statewide Public Services General Fund Total 21,505,700

OSSHE TOTAL

GENERAL FUND 107,795,700
TUITION 10,000,000

* Although this amount is being submitted as part of the Oregon State System of Higher Education budget, consideration is being given to working with others for the actual expenditure of these funds (e.g. hospitals, other state agencies, etc.).
DISCUSSION OF BUDGET THEMES AND STATEWIDE PUBLIC SERVICES

A. Education & General Services

(1) FACULTY (UNCLASSIFIED) SALARIES AND SUPPORT

Total = $50,000,000

As Oregon enters the 90s, the state is dealing from a position of weakness in retaining and recruiting qualified faculty members for its public, four-year colleges and universities. Over the past decade, university salaries have consistently ranked in the bottom 20% nationally compared with salaries paid by other public, doctoral-granting institutions. Even in the Western region, Oregon salaries, which averaged $37,400, are the lowest. For example, average faculty salaries at University of California, Berkeley, average $63,500; at University of Washington, $46,000; at University of Utah, $42,000; at Washington State University, $39,700; and at the University of Idaho, $38,400. Oregon’s competitive position continues to deteriorate.

Competition for faculty is growing. Faculty members who were hired during higher education’s expansion in the 1960s and 1970s are retiring, and fewer Ph.D.-trained faculty members are graduating from the nation’s graduate and research institutions. The number of students graduating from high school is presently at a low point. It will begin rising in the mid-90s, at a time when the State System will be least prepared to meet the demand.

In this budget request, the Chancellor proposes to start meeting these challenges during 1991-1993. If implemented, the proposed faculty increases will have an immediate impact on Oregon higher education’s ability to serve the state with high-quality instruction, research, and public service. This will be a major first step toward regaining a competitive salary structure. It should be understood, however, that to raise Oregon’s salaries to the national average will require adjustments for at least two more biennia similar to that recommended for 1991-1993.

The faculty salary request assumes that the normal inflationary adjustments will be included in the Governor’s recommended salary adjustment for all state employees, which is predicted to approximate the current inflationary rate. A distribution plan for the $45 million salary package will include resources to address retention and recruitment of faculty and recognition of meritorious service.

Also included in the faculty salary and support request are resources for a benefit package for graduate assistants.
An effective recruitment and retention package for Oregon higher education also requires some support for faculty teaching and research. Of the $50 million requested for faculty (unclassified) salaries and support, $5 million would be used for such support activities. Expenditures will differ among institutions, disciplines, and individuals, but would be expected to include:

- Equipment for research purposes
- Computers and computer networks for faculty use
- Research "seed" money for supplies, technical help
- Resources for professional growth

(2) STABILIZING AND STRENGTHENING EXISTING PRIORITIES

Total = $20,600,000

a. Equipment, Supplies and Services for Undergraduate Instruction

Total = $9,600,000

Instructional and laboratory equipment, computer equipment, and library resources are among the most under-funded elements in higher education. These elements reflect a decade of postponed support.

- Funds available for laboratory equipment essential in many undergraduate classes now finance a replacement cycle of about 45 years!

- Institutions have had to purchase computer equipment during the past decade with funds reallocated from other parts of the budget and at the expense of other program components.

- Resources in constant dollars for library acquisitions have consistently decreased every year during the past decade because funds for inflation have not kept pace with actual inflation rates; yet Oregon’s needs for high-quality academic and research libraries have never been greater.

Inadequate resources for laboratory equipment, computers, books, and periodicals threaten the quality of undergraduate instruction.

Additional resources are also needed for:

- Support for student advising, with specific emphasis on increasing the retention and graduation rates of minority students.
b. Capital Repair

The Oregon State Board of Higher Education operates state government's largest physical plant. On the basis of professional consultation, we have projected that more than $140 million is required to catch up with Capital Repair projects. The Executive Department of state government has instructed that this backlog be addressed as a part of a statewide program for deferred maintenance, and we are to include monies in the State System's Capital Construction budget for that purpose.

Present funding permits the Oregon State Board of Higher Education to expend about .5% of building valuation annually on capital repair. National standards indicate expenditures for capital repair should be closer to 2.0% annually. The $5 million request would increase expenditures to about .75% of valuation, thus beginning to close this gap and providing funds to care more adequately for the assets of the state. If we do not invest in maintenance, buildings will have to be replaced at a much greater cost.

c. Accreditation Requirements for Professional Schools

Total = $6,000,000

Within Oregon State System of Higher Education institutions, four professional schools face loss of accreditation or the inability to fulfill state mandates.

Oregonians count on their college and university professional schools to train professionals to serve the state in areas such as law, medicine, and teaching. However, two professional schools now face serious threats to accreditation while others cannot finance their current programs.

- UO LAW SCHOOL. After several years of negotiation with the University of Oregon, the American Bar Association's accreditation committee has recommended to the ABA House of Delegates that accreditation be withdrawn from the UO Law School; final action is expected in January 1991. The cost to meet accreditation standards in 1991-1993 exceeds $2.6 million. Law School students will be assessed increased fees to raise nearly $35 nearly $350,000. The faculty salary package proposed above will finance an additional $350,000 toward the $2.6 million, and, the 1991-1993 Capital Construction request will include $400,000 to remodel the Law Library. An additional $1.5 million is requested to assure that the Law School remains fully accredited.
OSU COLLEGE OF VETERINARY MEDICINE has been recommended for "limited accreditation" by the American Veterinary Medical Association Council on Education until two major deficiencies are addressed: (1) the adequacy of small-animal instruction must be ensured and documented, and (2) the number of qualified full-time faculty must be increased from 27 to 33.

OSU VETERINARY DIAGNOSTIC LABORATORY has experienced significant growth in its workload over the past several years without additional funding. It has already lost its accreditation due to understaffing. Needed to save the College of Veterinary Medicine's accreditation and to regain the Laboratory's accreditation: $1,500,000.

OSU COLLEGE OF PHARMACY The American Council on Pharmaceutical Education has issued a statement of intent that all of the nation's 73 colleges of pharmacy should offer the Pharm.D. advanced degree (most do already) within the next few years. Oregon State University's College of Pharmacy is now among a diminishing number of schools that do not offer the degree. A loss of accreditation is anticipated if the Pharm.D. degree is not offered.

The 1987 Legislature began the process of converting to the Pharm.D. degree by mandating an initial allocation of funds. However, the completion of the conversion was not financed in the current 1989-1991 biennium. The cost of implementing the Pharm.D. program in 1991-1993 is $900,000.

THE OREGON HEALTH SCIENCES UNIVERSITY has had to use funds generated from outside sources to support several key instructional faculty in its health profession programs. These outside sources are primarily research and patient-derived income, both of which have been eroded by federal policy changes such as redirection of research dollars to targeted programs and cutbacks in medical reimbursements. If this practice persists it will lead to challenges to accreditation in several of the programs. A stable funding of $900,000 is necessary to address this threat.

The State System's six COLLEGES OF EDUCATION are facing great financial difficulties in implementing newly state mandated teacher-preparation programs. Financing legislated four-year and five-year programs will cost $1,200,000.
(3) TARGETED SUPPORT FOR STATE DEVELOPMENT

Total = $15,490,000

a. Existing Programs for Economic Health

Total = $6,040,000

Several disciplines received funding during the mid- and late-1980s that supported dramatic improvements in Oregon's present and projected business development. The Washington County-based Oregon Center for Advanced Technology Education (OCATE) attracts and serves high-tech industry by pooling Oregon State System of Higher Education resources with those outside the system. Over two biennia, $1.3 million in the biotechnology and materials science areas at the University of Oregon attracted an additional $9.0 million in private and federal grants. In the Department of Engineering at Oregon State University, $63,000 in state funds generated an additional $642,000 in private gifts. A modest amount of additional funding is proposed to continue building on the proven success of the 1980s. The following service improvements are recommended:

- Engineering at OSU, PSU and OCATE
- Advanced Science & Technology in Materials Biotechnology, Computers and Optics at UO
- Gene Research and Biotechnology at OSU
- International Business at PSU and Center for Asian and Pacific Studies at UO
- Center for Housing Innovation at UO
- Regional Service Programs at EOSC, SOSC, and OIT

$3,150,000
1,000,000
300,000
900,000
450,000
240,000

$6,040,000

b. Opportunity Funds for State Initiatives

Total = $1,500,000

The State System requests funds that will give flexibility to universities and colleges to respond to unexpected opportunities in the development of the State’s resources. Often higher education finds itself unable to meet specific requests for help from other state agencies, business, and industry. These funds would be administered by the Chancellor’s Office in response to calls for help in addressing unanticipated problems and challenges. Monies would be allocated, for example, to support a specific, short-term research project, to help attract a new business or industry, or to develop the potential of existing businesses or industries. Monies could be used, for example, to support temporary staff and faculty, to purchase equipment, and to cover start-up costs in targeted areas.
c. State Match For $19 Million of Private Gifts
   Total = $1,900,000

The Oregon State Board of Higher Education received $1.2 million in 1989-1991 to match earnings from private money for Endowments for Excellence chairs and professorships at the University of Oregon and Oregon State University. The state match of $1.2 million will have attracted $12 million in private endowments in 1989-1991. For 1991-1993, the Chancellor requests $1.5 million to attract $15 million in private endowments for chairs and professorships not only at the University of Oregon and Oregon State University, but also at Portland State University and Oregon Health Sciences University. Further, the Chancellor is proposing $400,000 be allocated to the colleges to enable them to stimulate private sector gifts through an endowment match program.

d. Increasing International Competence For Students and Faculty
   Total = $2,000,000

Oregonians will agree: Never has the contrast between what we know about the rest of the world and the impact of that world on us been greater. News reports remind us daily that global issues are also local issues and that we must learn to compete more effectively in an interdependent world. Although the work of expanding the international competence of our students and citizens has begun, it must be accelerated to address the needs which exist.

Current programs of student exchanges and internships have demonstrated significant educational value in creating international awareness in those students fortunate enough to participate. Students typically learn foreign culture, customs, and language; students with this experience can help Oregon be more globally competitive. Owing to limited resources only about 1% of the total student population now participates in an international experience. The proposed budget provides $1 million to finance an expanded program in student exchanges and internships to enable about 5% of the student population to develop international competence in this way.

The colleges and universities have taken initiatives to increase international perspectives in their curricula. This proposed budget also provides $1 million for an action fund to support projects at the institutions which will further international competence across the curriculum.
e. Outreach Services to Non-traditional Students
   Total = $3,550,000

   Ed-Net is a technologically advanced means by which the Oregon State System of Higher Education can dramatically extend its reach beyond the traditional classroom. The 1989 Oregon Legislature appropriated $8 million in Oregon Lottery proceeds to finance Ed-Net start-up. Ed-Net's educational programming will reach public and private subscribers (schools, hospitals, businesses, etc.) in virtually every corner of the state. The Chancellor requests $2 million to make full use of this new means of providing educational services to Oregonians. Half of the money would be distributed to the institutions to meet defined needs in establishing this delivery system, and the other half would be used as seed money for development of courses and programs that can be delivered over Ed-Net.

   Continuing education is an expanding component in higher education for improving work force competence in the rapidly-changing, technologically-sophisticated, and service-based economies in Oregon. Increasingly state agencies and the private sector are telling higher education this service is a priority for Oregonians. To illustrate the extent of continuing education activities, it is noted that in fiscal year 1987-88 (the latest year for which statistics are available) more than 88,000 students took courses. This translates to 2,503 FTE credit students (on an annual basis). Reevaluation of current efforts is essential. The Chancellor is requesting $1,350,000: Half of the funds would be distributed to the institutions to meet identified needs, and the other half would support a pool of resources to help institutions respond to citizens in their areas and to stimulate joint partnership with public and private sectors of the state.

   Central Oregon, one of the state's fastest-growing regions, has no four-year college or university. To address this challenge, the Central Oregon Consortium for Higher Education (COCHE) received a $180,000 appropriation in 1989-1991 to start bringing upper-division courses and degree programs to Bend and Central Oregon. The Chancellor proposes that the effort be expanded in 1991-1993 with an additional $200,000 to increase COCHE's ability to provide a stable delivery mechanism that will enable people to start and complete degree programs and to participate in continuing education programs.
f. Human Development Education

The Center on Human Development (CHD) at the University of Oregon provides research and service activities to improve the quality of life of persons with disabilities. These activities both directly serve a large population of disabled in Lane County and, through dissemination of the results of research, bring help to a national constituency. Two major programmatic thrusts are:

- the maximum integration into mainstream community life of persons representing the full range of disabling conditions, and

- the prevention and amelioration of conditions which lead to "at risk" children.

Programs with CHD are almost entirely supported by federal grants and contracts, with more than $8 million received in 1989–90. The requested support will allow the current programs to continue and will permit significant new federal support to be obtained to address the crucial problems of the disabled and of children who are severely damaged by poverty, substance abuse, parental abuse, and other factors.

(4) EMERGING MAJOR INITIATIVES

a. Oregon Center for Graduate and Professional Education at PSU

Metropolitan Portland is home to half the state's population and, despite a range of respected public and private colleges and universities, its higher education needs are not being met, particularly at graduate and research levels. In May 1989, Governor Neil Goldschmidt named an 11-member commission to recommend action; the commission will report in November. Although it is too early to define fully an Oregon Center for Graduate and Professional Education, the Chancellor proposes that it be hosted at Portland State University. Programs would be targeted to meet the special needs of the Portland metropolitan area and draw on faculty from the Portland area and beyond. During the development period in this biennium $3 million is requested, with programs expected to grow in subsequent biennia.
b. Graduate Engineering Teaching and Research
   Total = $5,000,000

Graduate engineering and research programs in the State of Oregon are too small to support the economic competitiveness of the State, particularly in areas appropriate to Oregon's industry. Although recent studies have shown that there are quality faculty in the state, existing programs must be unified and expanded through targeted investments to pull together these faculty and build on the present research productivity. Building upon the faculty and facilities now in place, a unique partnership between public and private advanced research programs in engineering is being developed with the help of leaders from the State's engineering corporations. The funds will be used to enhance certain areas in engineering identified as important for Oregon's economic competitiveness (see, for example, Governor's Science Council Report). Included will be advanced computing, semiconductor materials devices and integrated circuits, metals, etc. In some cases support will be for improving the infrastructure and research environment through technician support, matching funds, equipment purchases; in others, the funds would be used for items such as operating costs, faculty support and research fellowships.

c. Health Outreach Services
   Total = $2,200,000

During the past two years, Oregon Health Sciences University has assumed leadership in the development of outreach health care education and delivery programs. The intent of these programs is to use the education system as an incentive to increase health providers in areas of scarcity, particularly in rural areas. They also allow optimum coordination of health care delivery to all Oregonians. There are four principle components to this program:

  o Area Health Education Centers (AHEC). In the last legislative session, Oregon Health Sciences University received planning funds to apply for an AHEC grant. This application was successful, and the institution recently received in excess of $2 million to establish training sites in rural areas of Oregon. This portion of the outreach budget includes matching state funds and the required institutional staff coordination positions to operate the AHEC program. ($1,100,000)
Office of Rural Health (ORH). Transfer of the Office of Rural Health to Oregon Health Sciences University by the 1989 Legislature allowed for more effective coordination of rural health care delivery, continuing education for rural health care practitioners, and the development of programs to address the desperate health care shortages in much of rural Oregon. Oregon Health Sciences University intends to utilize the Office of Rural Health as a coordination site for the AHEC program, in order to maximize the placement of health care providers to rural areas. ($400,000)

Biomedical Information Communication Center (BICC). The newly established Biomedical Information Communication Center at Oregon Health Sciences University was launched by a five-year, $5 million grant from the National Library of Medicine, and a $20,000,000 federal construction grant. Its goal is to make technological information instantly available to all practitioners in their own offices. ($400,000)

Outreach Training Programs. Several training programs specifically targeted to meet rural health needs will require support if they are to continue. Examples include the nurse midwifery program, currently staffed by one nurse practitioner; the rotating nursing master’s program; and the extramural fellowship program in dentistry. ($300,000)

B. STATEWIDE PUBLIC SERVICES

1. Oregon State University — Agricultural Experiment Station, Cooperative Extension Service, Forest Research Laboratory Total = $6,400,000

Higher education’s three statewide public services at Oregon State University directly serve those industries that form the core of the state’s economy — forestry, agriculture, and fisheries. For example, the Forest Research Laboratory is helping to promote second-growth yields by enabling timber operators to use a sub-surface tillage device that reduces post-harvest soil compaction which retards tree growth. Although the state’s economy is diversifying, these resource industries will always be the foundation of many Oregonians’ livelihood; therefore, the Oregon State System of Higher Education needs to help in finding solutions to complex environmental, natural-resources and food-safety issues. As an example, the potential for significant reductions in Oregon’s timber harvest in response to habitat requirements of the northern spotted owl may profoundly affect Oregon’s rural economies. Alternative economic opportunities, such as tourism and greater value-added processing of wood and food, must be pursued aggressively.
The complexity of the issues that Oregon citizens face will require a carefully designed approach to which these requests respond directly. Integrated research, Extension, technology transfer, and service programs are proposed. These programs focus on natural resources-based economic development opportunities for Oregon, and on long-term productivity and sustainability, environmental quality, and food-safety issues confronting these industries. Rural community development and family and youth development proposals are important to the longer-term competitiveness and vitality of Oregon's work force, its economy, and its business climate.

a. Program areas proposed for targeted increases for the Agricultural Experiment Station and Cooperative Extension Service
   Total = $3,000,000
   o Food Safety, Quality and Value-added Products
   o Water Quality and Environment Protection
   o Integrated Agricultural Management Systems and Natural Resource Conservation
   o Families and Youth At Risk
   o Rural Community Development
   o Plants and Integrated Pest Management
   o Forestry and Livestock

b. Forest Research Laboratory
   Total = $3,400,000

The Chancellor recommends doubling the General Fund support for forestry research. He requests an increase of $3.4 million for the Forest Research Laboratory at Oregon State University. Such a dramatic increase is justified by what the Oregon State System of Higher Education can do to help the state meet the dire consequences facing Oregon's rural, timber-dependent communities. With harvest declines projected as high as 30%, significant social and economic hardships also can be forecast for small rural communities. High unemployment, reduced local-government revenue for roads and schools, increased business failures, greater demand for social services and an exodus of workers and their families are all likely to occur just as they did during the last recession. Research provides an important opportunity to reduce the social and economic pain by limiting the potential job losses and creating new opportunities for investment.
2. Oregon Health Sciences University — Hospital, Child Development and Rehabilitation Center, Dental Clinics
   Total = $15,105,705
   a. University Hospital
      Total = $14,000,000
      Oregon Health Sciences University operates three state-wide public services that advance professional education while also serving important health-care needs of Oregonians. University Hospital is projecting a $14 million deficit during the 1991-1993 biennium if the same level of educational support and non-sponsored care is to be provided. The deficit is caused by the decline in reimbursement rates for services. Historical reimbursement mechanisms allowed "cost shifting" (payors paying at a higher rate than the cost of the service provided) to subsidize the care of nonsponsored patients who are unable to pay. University Hospital is a large provider of non-sponsored care which, in 1989-90, totaled $80 million. Over the past six years, these reimbursement declines have been between $15 million and $18 million per year. University Hospital and the University have absorbed most of this decline through increased occupancy and reduction in personnel, and utilization of University reserves. However, it is unable to absorb any further declines without reducing services, cutting programs, or limiting access of nonsponsored patients.

      It is anticipated that University Hospital will receive $5 million from the Legislative Emergency Board to alleviate funding problems in 1990-91. The budget proposal for 1991-1993 recommends that these funds continue into the next biennium for a cost of $10 million, plus fund a further shortfall of $4 million projected by the Hospital for 1991-1993.

   b. Child Development and Rehabilitation Center
      Total = $985,700
      The Child Development and Rehabilitation Center's budget in 1989-1991 was partially funded through a carry-forward fund balance of $769,100. Such a balance is not projected to be present for the 1991-93 budget period, and therefore an increase in general fund support is requested. Furthermore, in 1991-1993 it is estimated that patient fee income will be insufficient to finance its share of the ongoing base budget. This shortfall in patient fee revenue is estimated at $616,600. The total of these two items is $1,385,000. Failure to replace this loss will result in a 6% reduction in the regular program base budget and would severely reduce services to children with disabilities and their families.