REGULAR MEETING OF THE
OREGON STATE BOARD OF HIGHER EDUCATION

November 15, 1996

ROLL CALL

MINUTES APPROVED

PRESIDENT'S REPORT
  Ballot Measure 47
  Board Working Dinner

CHANCELLOR'S REPORT
  Appointment, Vice Chancellor for Finance & Administration
  Enrollment
  Recognition, D. Frohnmayer
  Recognition, J. Moseley
  Change in Designation
  IFS Report
  Meeting with Governor

REPORT ITEM

  Finance & Administration
    First Quarter Report on Investments

ACTION ITEMS

  Finance & Administration
    Purchase of Willamette Block Building in Portland, UO

  Academic Affairs
    Confirmation of Institutional Degree Lists

SOLUTION TEAM ON COLLEGE OF ENGINEERING, ACADEMIC
PROGRAMS, & INDUSTRY RELATIONS

COMMITTEES
  OHSU Board

DELEGATION OF AUTHORITY TO EXECUTIVE COMMITTEE

ITEMS FROM BOARD MEMBERS

ADJOURNMENT
OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
ROOMS 327/328/329, SMITH MEMORIAL CENTER
PORTLAND STATE UNIVERSITY

ROLL CALL
The meeting of the State Board of Higher Education was called to order at 8:35 a.m. by Vice President Tom Imeson.

On roll call, the following answered present:

Ms. Diane Christopher Ms. April Waddy
Ms. Gail McAllister Dr. Jim Whittaker
Ms. Esther Puentes Mr. Jim Willis
Mr. Mark Rhinard Ms. Phyllis Wustenberg
Mr. Les Swanson Mr. Tom Imeson

Dr. Herb Aschkenasy was out of the country.

MINUTES APPROVED
The Board dispensed with the reading of the minutes of the October 18, 1996, meeting of the Board. Ms. McAllister moved and Dr. Whittaker seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Christopher, McAllister, Puentes, Rhinard, Swanson, Waddy, Whittaker, Willis, Wustenberg, and Imeson. Those voting no: none.

PRESIDENT'S REPORT
Vice President Imeson reviewed the sequence of the Board meeting agenda. He briefly raised the issue of recently passed Ballot Measure 47, indicating that the Governor and Chancellor are communicating about the potential impacts, but it's too soon to have detailed insight about the ramifications.

Board Working Dinner
Mr. Imeson reported on the Board's working dinner the evening before and reported that the Board had recognized member Mark Rhinard, thanking him for his service on the Board. His term of office will officially terminate the end of December.

Mr. Don Rickel appeared before the Board to encourage them to review plans with an open mind.

CHANCELLOR'S REPORT
Chancellor Cox announced the appointment of William Anslow to the position of vice chancellor for finance and administration. Mr. Anslow
has 30 years of experience, most recently as senior vice chancellor at the State University of New York (SUNY). He will join the OSSHE staff January 6, 1997. Dr. Cox thanked Ron Bolstad and the search committee for their dedication and excellent work in securing a new vice chancellor.

The Chancellor noted that the State System's enrollment for fall has increased over the previous year. "We have changed the way we report information. For the last quarter century, we have reported only traditional enrollment. However, we realized that we were understating what we truly did. Now we report the total headcount. So we acknowledge another 30,000 students who are served in credit-bearing courses in evening, weekend, and summer programs. There have been increases at SOSC, PSU, WOSC, and EOSC."

Chancellor Cox indicated that UO President Frohnmayer has been asked by the president of the American Council on Education to chair the national governmental relations committee. "It's an excellent opportunity for Oregon to keep track of the federal pulse and national higher education initiatives."

Dr. Cox also congratulated UO Provost Moseley on receiving the nation's top science honors. Dr. Moseley has been elected a fellow in the American Association for the Advancement of Science and Research.

Finally, Chancellor Cox reminded the Board that there are at least three bills being crafted for introduction to the legislature regarding changing the names of the OSSHE regional institutions from "college" to "university." He indicated these bills will probably be combined into one bill. "I had an opportunity to discuss this briefly with the Governor several weeks ago, and I believe he would be receptive to moving in that direction (although he did not make a final commitment). What I will bring to the Board in January, and you will have a chance at that point to discuss it and make a decision, is a resolution in which you would be able to go on record in support of the change contained in that legislation — if you so desire."

Ms. Martha Sargent, president of the Interinstitutional Faculty Senate (IFS), presented her last report to the Board as president (her term ends in December). She thanked everyone for their support of IFS. She also discussed the faculty's concerns about Measure 47 and
offered IFS assistance with communication between the Chancellor’s Office and faculty, as well as help with strategy development and implementation. She concluded her remarks by stating, “Communication is the reason our organization exists. Over the past several years, we have made great strides in opening communication among the Chancellor, the Board, and faculty. I sincerely hope this progress continues.”

Chancellor Cox thanked Ms. Sargent for her work in IFS.

Meeting with Governor

Dr. Cox indicated that he and the presidents had met with Governor Kitzhaber. The Chancellor believes that the Governor “has education in the center of his screen as being a priority for the state, and higher education is part of that continuum.”

FIRST QUARTER REPORT ON INVESTMENTS

The first quarter (third calendar-year quarter) investment report of the Pooled Endowment Fund of the Oregon State System of Higher Education for the period July 1, 1996, through September 30, 1996, prepared by R. V. Kuhns and Associates, investment consultants, is included within the supplemental materials.

Board Discussion

Mr. Terry Clifford from R.V. Kuhns reviewed the highlights of the report, which was contained in the supplementary section of the Board docket.

(No Board action required)

PURCHASE OF WILLAMETTE BLOCK BUILDING IN PORTLAND, UO

Summary

The University of Oregon requests authority to purchase and renovate the Willamette Block building located in downtown Portland, Oregon. The University has occupied portions of the building since 1986 for its Continuing Education program, Alumni/Foundation, Bookstore, Athletics, and the Labor Education Research Center (LERC).

Staff Report to the Board

Officials at the University of Oregon have forwarded to the Office of Finance and Administration a request to purchase the Willamette
Block Building at 722 SW Second Avenue, Portland. For the past ten years, the University has leased portions of the building for various programs and currently is leasing approximately one-third of the building, or 11,499 square feet out of a total of 34,110 usable square feet. The building owners have indicated a willingness to sell and have offered the building to the state for a price not to exceed $2,250,000. The final purchase is contingent upon an appraisal of the building to determine the fair market value, acceptable findings of an environmental and hazardous assessment, a building/fire code inspection, and the receipt of a title insurance policy providing for title to the property, free and clear of all encumbrances.

While the property is not on the market, the owner has offered to sell it to the University, provided the closing can occur by March 1997, and at a discounted purchase price if closing can occur by year-end 1996. This is an opportunity for the University to meet its strategic goals for the Portland area. The programs offered at the Willamette Block building address the University's educational and development goals for meeting the needs of working professionals as students and alumni.

The Willamette Block building is a refurbished historic building located in the heart of the Portland downtown area. The building is well served by surrounding retail establishments and by the Portland rapid transit system, all of which are needed to serve the UO programs in the building. The building consists of 44,704 gross square feet within four floors and a basement. The building was extensively renovated in the mid-1980s and since then has been updated regularly. The building is owned by Goldbelt, an Alaska-based organization affiliated with the Alaska Native Corporation, created by the Alaska Native Claims Settlement Act.

The University is currently leasing 11,499 square feet, primarily used by Continuing Education for classrooms and offices with the Alumni/Foundation, Bookstore, Athletics, and the LERC occupying the rest of the space. It is planned over the next two to five years that the Law School and School of Architecture and Allied Arts will occupy up to an additional third of the building in space now occupied by other tenants. The remaining third of the building space may be occupied by other UO programs, or the University can elect to extend the leases of current tenants or to secure new tenants. The building
has had a very low vacancy rate, averaging below three percent over the past five years.

The lease payments being made by the UO and the other tenants would be sufficient to pay the debt service on the building as well as the annual operating costs. Eventually all of the debt service and operating costs would fall on the UO programs within the building. This rental rate, however, would be significantly lower than the current and projected rates per square foot if the building were to continue to be leased.

Funds required for the purchase of the property and costs to provide renovation of the building would come from Article XI-F(1) bonds with debt service payments on the bonds paid with rental revenues from the tenants and programs occupying the building. The property would be purchased under authority of Chapter 538, Oregon Laws 1993, Sections 1(3)(e) and 7.

Staff Recommendation to the Board

Staff recommended that the Office of Finance and Administration be authorized to purchase the Willamette Block building from Goldbelt for a price not to exceed $2,250,000 and to spend up to $250,000 renovating the building.

Board Discussion and Action

Interim Vice Chancellor Foute reviewed the docket item. She explained that financing would be paid through Article XI-F(1) bonds — revenue bonds (not general obligation bonds). The staff analysis shows that the rental payments from existing tenants, as well as the UO, are more than adequate to cover the cost of the debt service as well as the operating/maintenance expenses. "We factored in a four percent inflation factor on the operating/maintenance expenses in the analysis. OSSHE does have approximately $50 million worth of XI-F(1) bonds available to it to allocate for purposes like this. I also wanted to inform you that, because approximately two-thirds of the building is being used by private tenants (about 11 currently in the building with various periods for their leases), we needed to look very carefully at the prospect of potential impact in the bonding. We want, of course, to be sure that this would be a totally tax-exempt issuance. We've already identified approximately $30 million worth of XI-F(1)
bonds for issuance in the spring. This is a little early. If we can assume, even at this point, a $30 million total issuance with a five percent cap on private activity, we feel that we're very much in the comfort zone that this will be a tax-exempt issuance."

Mr. Willis asked if the current tenants are aware of this transaction, to which Provost Moseley responded they were. Mr. Rhinard asked about the UO activities in the building. Dr. Moseley explained these include continuing education in the legal field, and the UO's Portland bookstore, Duck Shop. Mr. Rhinard asked about the possibility of joint projects with other universities in that space. Dr. Moseley responded that the UO has joint projects in numerous locations, and there is no reason that wouldn't happen in this space as well.

Ms. Wustenberg asked for clarification about the percentage of the bonds as that relates to the tax-exempt status. Ms. Foute responded that, according to IRS rules, it is calculated as a percentage of the total bond issuance. In this case, because the tenants currently occupying the building are not related to the University's public purpose, the cap is five percent. "So we figure approximately five percent of a $30 million issuance would be $1.5 million, and that pertains to square footage that is used by the private tenants. It's a formula that's applied."

Mr. Willis moved and Ms. Waddy seconded the motion to approve the staff recommendation. The following voted in favor: Directors Christopher, McAllister, Puentes, Rhinard, Swanson, Waddy, Whittaker, Willis, Wustenberg, and Imeson. Those voting no: none.

CONFIRMATION OF INSTITUTIONAL DEGREE LISTS

Staff Report to the Board

In accordance with Board regulations, the following members represented the Board in approving candidates for degrees and diplomas for the graduating classes at the designated institutions during the 1995-96 academic year and summer session:

- Eastern Oregon State College
  Les Swanson

- Oregon Health Sciences University
  Tom Imeson
Oregon Institute of Technology
Gail McAllister

Oregon State University
Diane Christopher
April Waddy

Portland State University
Jim Willis

Southern Oregon State College
Esther Puentes

University of Oregon
Diane Christopher
Mark Rhinard

University of Oregon -- Law School
Jim Willis

Western Oregon State College
Bob Bailey
Rob Miller

Staff Recommendation to the Board

Staff recommended the Board confirm the actions of the Board members in approving degrees and diplomas.

Board Discussion and Action

Ms. Christopher moved and Mr. Willis seconded the motion to approve the staff recommendation. The following voted in favor: Directors Christopher, McAllister, Puentes, Rhinard, Swanson, Waddy, Whittaker, Willis, Wustenberg, and Imeson. Those voting no: none.

Oregon Statewide College of Engineering and the Future of Oregon

Executive Summary

Technology is driving the world today. It enables many of the changes we are seeing in the global social and economic fabric.
Oregon, fortunately, has nurtured a strong technology base. As forest products wavered as the state’s economic foundation during the past two decades, technology has more than filled the void. Today, 54,000 people are employed directly in the technology sector and annual wages average $46,000 — by far the best-paying and most rapidly expanding industry in Oregon. Technology companies make significant contributions to the state’s tax rolls through nearly $2.5 billion in annual direct payroll, in addition to corporate income and property taxes. The network of service and manufacturing companies required to support these companies is significant, adding further to the industry’s contribution to Oregon.

Oregon’s support of the expansion of this sector has resulted in the state being among the top five in the nation in economic growth. Even so, much of the growth of technology of the past decade would not have been possible without the in-migration of technical talent. The in-migration was necessary to support the expansion of the intellectual capital needed as the foundation for high-technology’s health.

Increasingly, the health of Oregon’s technology sector is the health of Oregon’s economy. Many experts believe this will be the reality for years to come. High-technology companies need knowledgeable workers to function — people with bachelor’s and advanced degrees in a wide range of areas, from marketing to finance, from human resources to manufacturing, and especially from engineering.

The state has a serious problem. The majority of the skills and knowledge driving its most critical industry comes from outside its borders. Oregon high-technology companies hire from out of state fully 80 percent of the engineers they need (even though virtually all of the state’s engineering graduates quickly get jobs). In addition, these companies rely heavily on out-of-state sources to fill their continuing education needs. Oregon does not have sufficient technology education to support the industry that offers the state its most attractive growth.

High-technology brings many advantages to the state:

- it is an industry that pays exceptionally well;
- it fuels a large support network of manufacturing, distribution, and service companies;
• it makes significant contributions to the state's tax rolls through the payroll taxes of its workers, along with corporate income and property taxes;
• it encourages high-quality government and community services such as education from preschool to graduate school; and
• it continues to grow rapidly, providing significant job opportunities.

Oregon's economy is becoming increasingly dependent upon well-educated employees, particularly engineers. To compete on a global basis, Oregon needs internationally competitive education to keep the skills and knowledge of the state's technical workforce world class. These programs are essential to the state's economic health and must be delivered efficiently and flexibly to meet diverse needs throughout Oregon.

Engineering Education in Oregon Today

Most of the engineering education in Oregon is conducted at Oregon State University and Portland State University.
• A total of 160 engineering faculty (instructor to professor ranks) are employed at the two universities (108 at OSU and 52 at PSU).
• In 1995-96, the two universities enrolled approximately 4,000 undergraduate and graduate engineering students.
• There are 15 bachelor's, 12 master's, and 11 doctoral degree programs currently offered by OSU and PSU in engineering.
• In 1995-96, OSU and PSU granted 832 bachelor's, master's, and doctoral degrees in engineering.
• A total of 276 degrees in electrical engineering and computer science were granted in 1995-96.

OSU and PSU, together and separately, deliver continuing education and professional development programs to several thousand engineers each year.

Engineering Research at Universities

A significant amount of research is conducted at the two universities. At PSU, annual research expenditures in engineering from external funding sources total approximately $1.3 million. OSU's external
research expenditures total approximately $14.0 million in the College of Engineering and $20.0 million in other engineering-related research on the campus, for a total of $34.0 million annually.

**National Ranking of Oregon's Engineering Programs**

In the most widely viewed national ranking of engineering colleges (the recent Gourman Report), OSU's College of Engineering was ranked as "strong" as an undergraduate program (75 of 250) with five program areas of sub-areas in the "leading institution" category.

The four undergraduate program areas at OSU ranked in the "leading institution" category are:

- Chemical Engineering, 49 of top 54
- Civil Engineering, 39 of top 55
- Mechanical Engineering, 47 of top 58
- Nuclear Engineering, 21 of top 58

PSU was ranked as "adequate" as a college (207 of 250). No undergraduate programs at PSU were ranked in the "leading institution" category.

At the graduate level, the National Research Council ranks the top doctoral-granting programs in the country (1995). Six graduate programs at OSU were ranked as top programs by the National Research Council, as were two from the Oregon Graduate Institute (OGI) and one each from PSU and UO. These programs with national ranking in 1995 are:

- OSU Chemical Engineering, 77 of top 93
- OSU Civil Engineering, 52 of top 86
- OSU Industrial Engineering, 37 of top 37
- OSU Mechanical Engineering, 81.5 of top 110
- OGI Computer Science, 43 of top 108
- UO Computer Science, 64 of top 108
- OSU Computer Science, 70.5 of top 108
- OSU Electrical Engineering, 63 of top 126
- OGI Electrical Engineering, 115 of top 126
- PSU Electrical Engineering, 120 of top 126
These external evaluations are remarkably high considering the relatively low current level of public support for engineering and all of higher education in the state of Oregon. Among the top 25 universities identified in the most recent ranking in the *U.S. News and World Report*, other states spent an average of $31,000 per student per year. The State of Washington spends more than $15,000 per student. In contrast, Oregon spends between $7,500 to $9,000 per student. Overall, the State of Oregon funds OSSHE institutions at a rate 30 percent less in state funds than the average of its national peer institutions.

**The Task of Expanding and Enhancing Engineering**

OSU and PSU produce a significant number of engineering graduates. In 1995-96, OSU and PSU produced 276 graduates in electrical engineering and computer science, accommodating slightly more than 25 percent of the new job opportunities in the high-technology sector. This is a very conservative estimate of graduates from the industry since graduates from many other disciplines also accept technological jobs in high-technology businesses. Nevertheless, because of the state’s rapid growth in high technology over the past seven years (but not during the previous ten years), still more graduates are needed to meet the needs of Oregon businesses and to ensure the state’s competitive advantage in the future.

To respond to the engineering needs of Oregon, a solution team of the Oregon State Board of Higher Education has developed plans for a Statewide College of Engineering. The purpose of the Statewide College of Engineering is to:

- increase the quality and stature of Oregon’s engineering education and research;
- increase the number of engineering graduates at the bachelor’s, master’s, and doctoral levels; and
- be responsive to the education and research needs of the engineering business community in Oregon and nationally.

The design of the Statewide College of Engineering was developed by an interinstitutional team with members from OSU, PSU, and private industry.
The Statewide College of Engineering

The Statewide College of Engineering is a new and innovative model with enormous flexibility and responsiveness to the industry. The structure is very fluid so students have many options for educational programs, and the industry becomes a partner to the program to an unprecedented degree.

The goal of the Statewide College of Engineering is to create by the year 2005 a Statewide College of Engineering consistently ranked in the top 25 of the nation’s public, doctoral-granting engineering colleges. The College will achieve this goal by taking a series of very deliberate steps in its undergraduate and graduate programs, its research program, and its continuing education and professional development programs.

Bachelor’s Degrees

The College will increase its educational capacity to graduate more students: to double the annual number of graduates in the high-technology disciplines within the next six years and to increase the number of graduates by 50 percent in the other engineering disciplines. This will be accomplished by:
  • teaching more courses at multiple locations and on flexible schedules;
  • expanding the number of degree programs offered in the Portland region;
  • providing 100 merit-based scholarships to outstanding students;
  • enhancing Honors Education to provide an extremely challenging intellectual climate for top students;
  • expanding programs for encouraging women and minority students;
  • building linkages with community colleges and other institutions;
  • stimulating interest in younger students who are beginning to form career aspirations; and
  • expanding internships and experiential learning opportunities.
Graduate Degrees

The number of master's and doctoral students receiving graduate degrees in the high-technology fields will be doubled and engineering graduates in other areas will be increased by 50 percent. This increase will be reached in a period of no more than six years and will be accomplished by:

- building program connections between undergraduate and graduate programs within the College;
- making graduate curricula as efficient as possible;
- providing competitive stipends for 50 to 75 highly qualified applicants each year;
- establishing Centers of Excellence in selected topics which will attract financial support and major advisors for graduate students;
- increasing collaborative research programs to provide more research opportunities for graduate students; and
- expanding internship and experiential learning opportunities.

Research Programs

Annual research expenditures at the two universities are currently more than $35 million. However, this research program can be expanded and connected more effectively with the industry by:

- reestablishing the Engineering Experiment Station;
- developing Centers of Excellence in selected topical areas;
- recruiting endowed chairs and other accomplished faculty to anchor the Centers of Excellence;
- expanding collaborative research programs with industry and other partners; and
- developing rapid response research teams to work on topics of immediate and specialized interest to the industry.

Continuing Education and Professional Development

OSU and PSU currently provide continuing education and professional development programs. However, they meet only a small proportion of the needs of the industry. More of these needs will be met by:

- beginning new flexible degree completion programs;
- expanding the number of available professional master's degree programs;
working closely with the industry to identify the greatest needs;
providing programs on flexible schedules and at multiple locations;
expanding distance education technologies and facilities; and
enhancing the infrastructure to make continuing education and professional development programs convenient, high quality, cost effective, and responsive to the needs of students and the industry.

Performance Standards

Each of the programs will have specified performance standards, developed in partnership with the College's customers. The performance of the College will be measured against these standards every two years.

Management of the College

The Statewide College will operate in a new organizational manner, with great programmatic flexibility and in close association with the industry. Key components of the College organization are:
• the College will have an Industry Advisory Council that will participate in all aspects of the College's programs;
• the College will construct, with the participation of the Industry Advisory Council, a biennial work plan, laying out the goals for the next two years, the resource allocation patterns to achieve these goals, and the measures by which the performance of the College will be judged; and
• the biennial work plan will be approved by the presidents of both OSU and PSU.

Budget

The budget for the Statewide College will require additional investment from the State of Oregon and from the business community. The purposes of these investments will be clearly defined and the College will be accountable for performance based on these investments.

Undergraduate Programs
• Double the number of high-technology graduates each year and increase the engineering graduates in other areas by 50
percent, an annual increase of 385 graduates. $3.85 million. 
Source: State support.
• Provide scholarships for 100 talented students each year. $0.7 million. Source: State support.
• Enhance Honors Education. $0.5 million. Source: State support.
• Expand MESA and SMILE programs. $150,000 for each program or $0.3 million total. Source: State and industry support.
• Improve linkages with community colleges and K-12 programs. $0.2 million. Source: State support.
• Enhance and extend distance education technologies. $4.0 million. Source: State and industry support.
• Expand industrial internships. $0.25 million for administration; direct cost of internships by industry. Source: State and industry support.

Graduate Programs
• Double the number of high-technology master’s and doctoral graduates each year and increase the engineering graduates in other areas by 50 percent, a total annual increase of 185 graduates. $1.85 million. Source: State support.
• Provide 75 selected graduate student stipends at $15,000 per year. $1.12 million. Source: State and industry support.
• Support graduate internships. Cost unspecified. Source: industry support.
• Transition of undergraduate and graduate programs to single college. $0.5 million. Source: State support.

Research
• Enhance Engineering Experiment Station. $10.0 million. Source: State and industry support.
• Establish Centers of Excellence, with one new senior position added each year. $3.0 million. Source: State support.

Continuing Education and Professional Development
The continuing education program will require subsidy. Once operating and marketed, the professional development programs should be financially self-sustaining. Cost $1.0 million for continuing education. Source: State support.
Facilities Upgrade
Facilities will need continuous upgrades. $4.0 million. Source: State and industry support.

New Building and Major Renovation
There will be requirements for major renovation of existing space and for new laboratory and classroom facilities. However, this request will be made through capital funds, and will require additional analysis of the space needs and consideration of various funding options.

Total Annual Budget Request
State Support: $19.56 million in first year; $23.82 million in second year.

The Benefits of the Innovative Statewide College of Engineering

There are many potential benefits of the Statewide College of Engineering.

Benefits of Increased Stature and Reputation

1. Integrating and combining the existing engineering colleges instantly increases Oregon's standing in national comparisons and allows strategic planning to build its reputation even higher over time.

2. Students, faculty, customers, the business community, and the State of Oregon all benefit from an engineering program with a stronger national reputation.

3. The fact that Oregon has made this innovative step will increase the recognition and reputation of engineering in Oregon and the Statewide College.

Organizational

1. Because faculty talents and engineering programs are combined, students have access to a greater range of programs and to more faculty. This expansion will be especially beneficial for part-time and nontraditional students.
2. The Statewide College will provide one-stop shopping for all engineering education, including students in traditional, part-time, continuing education, and professional development programs.

3. Student recruitment and support services are already in place to attract and support additional students.

4. Community college and high school students have easy access to the Statewide College through existing transfer processes and with the advice of counselors who know the universities.

5. Undergraduate students within the Statewide College can begin graduate studies while completing their degree and, as undergraduates, can gain research experience working with graduate students and their faculty advisors.

6. Students will pay less for their education than in private organizations because of the economies of scale in OSSHE.

7. Undergraduate and graduate engineering students can acquire a broader education where, in addition to engineering courses, they can take courses and conduct research in science and other technical fields (e.g., agriculture, atmospheric science, biology, chemistry, forestry, mathematics, physics, and geography).

Financial

1. A more effective and geographically significant allocation of resources is possible. Financial resources are invested into one organizational unit and thus can be moved around and used to benefit the geographic areas of greatest need. Also, resources can be shared and leveraged in different disciplines and projects within the single College, thus increasing the effectiveness of investments.

2. Decisions about the amounts and directions of future investments can be targeted within the combined strengths and needs in engineering. There will no longer be a necessity to
make an *a priori* decision about which separate school of engineering would provide the greatest return on investment.

3. The Statewide College does not require new funding procedures; rather it uses existing mature mechanisms with all the required checks and accountability.

**Customer**

1. Industrial customers will greatly benefit from access to a top-level engineering program.

2. Customers have a single and convenient access to the entire suite of engineering education and research capabilities and programs.

3. Responsiveness will be increased by focusing on technologies of highest value with presentations of courses and location of research where and when needed.

4. Through the Industry Advisory Council, the customer becomes a true partner in the Statewide College, participating in the setting the directions of the College and evaluating its performance.

5. The biennial work plan will permit the customer to understand the College’s goals for each two-year period, how resources will be allocated to meet these goals, and the criteria that will be used to evaluate the effectiveness of the resource allocation decisions.

**Staff Recommendation to the Board**

Staff recommended that the Board adopt the report of the Solution Team on College of Engineering, Academic Programs, and Industry Relations and direct the Solution Team and staff to continue future study and planning for implementation of a Statewide College of Engineering. Further, staff recommended that the Board direct staff to review the Board’s obligations, if any, under the Public Employees Collective Bargaining Act and to pursue any necessary actions consistent with the Board’s direction. Finally, staff recommended that the Solution Team report to the Board any recommendations for final
action based on these directives no later than the Board's April meeting.

**Board Discussion and Action**

OSU President Risser, who was also co-chair of the Solution Team, reviewed the report, highlighting the need for change, the goals of the recommendation, and the benefits to students, faculty, industry, and the state of Oregon.

Mr. Swanson asked if, under the Oregon Statewide College of Engineering, a single degree would be awarded or if each institution would award the degree. Dr. Risser responded that although the Solution Team did discuss this issue, no conclusions were reached other than to make sure that the manner in which the degree was awarded would benefit the student.

Ms. Puentes thanked Dr. Risser and his colleagues for the comprehensive work they accomplished. She asked for more information on the organization and possible impacts on OSU and PSU. Dr. Risser replied that he considered immediate impacts to be relatively minor. The impact on students, however, would be major because they would suddenly have expanded educational opportunities. While details of the organization and structure have not been fully developed, the expectation is that faculty would have several years to be "fairly fluid," perhaps deciding to move and be part of the College in Portland or Corvallis.

Ms. McAllister asked if the Solution Team had discussed where the dean would be headquartered. Dr. Risser responded that it had not been discussed.

Ms. Waddy inquired about the role of the UO Computing Science proposal. Dr. Risser referred to his presentation where he spoke about administering other programs connected with the College and indicated that connections would be possible.

PSU President Ramaley expressed concerns about the report, citing geographic distance, existing internal and external relationships, and distinctive institutional missions and cultures that, in her opinion, would work against this model. While she agreed with Dr. Risser on
many of the criteria for success, she disagreed about the means to accomplish the goals.

Mr. Swanson asked if it was a necessary requirement of the Solution Team recommendation to have a lead institution. Dr. Risser asked the Chancellor to respond to that question, since the Solution Team had not addressed that topic. Chancellor Cox replied that he had specifically asked the Solution Team to put aside the issue of lead institution and focus on the major issues such as greater critical mass and higher national rankings. Mr. Swanson questioned if having no lead institution was the best approach. President Ramaley responded that one question is how effectively two very different institutions could be guided by a single dean.

Mr. Imeson tabled further discussion until after his presentation about the meeting of the Subcommittee on Engineering. Members of the Subcommittee were Gail McAllister; Les Swanson; Duncan Wyse, Oregon Business Council; and Bruce Shafer, PC-KWIK. Mr. Imeson served as chair of the Subcommittee. He reviewed highlights of the three proposals presented to the Subcommittee, reminding the Board that the presenters had been given very little lead time to prepare full reports and consequently these should be considered more as pre-proposals. Highlights as presented by Mr. Imeson follow:

- **Oregon School of Computing**
  Presenter: UO Provost Moseley
  To address three major industry concerns about computer science education in Oregon — lack of critical mass, need for focused educational training for current employees, and need for great number of graduates in computer science, computer engineering, and software engineering — the UO proposed the creation of a statewide School of Computing, with headquarters in Washington County. The School would coordinate programs at the UO, OSU, and PSU in terms of educational policies and industrial interfaces, while maintaining individual strengths so each institution can respond to the needs of its constituents. The School would have a main campus in the greater Portland area with classrooms, educational labs, and some research labs. Degree programs and courses would be coordinated to enable greater movement for faculty and students. A single head of the School would chair an Executive
Council composed of department heads and industry representatives.

- Oregon Graduate Institute (OGI)
  Presenter: President Bragdon
  Mr. Imeson stated that the OGI proposal was a strong complement to the public institutions, not an alternative. OGI would build capacity in four areas: computer and electrical engineering, software engineering, electronic materials engineering, and environmental engineering. A one-time $12 million investment would expand the number of faculty from 12 to 20. It was suggested that OGI would contract for services to help meet the state's educational needs.

- The Metropolitan Consortium
  Presenter: PSU President Ramaley
  Under this proposal, the Consortium would direct investments to priority areas through existing programs. A board representing industry, the Board of Higher Education, and other boards, would advise the Consortium. The focus of the effort would begin in Portland, expanding to other regions of the state as industry needs grow. Dr. Ramaley also pointed out that this Consortium could also include other states; it is not simply a metropolitan proposal. There would be strong linkage between industry and the education and research efforts.

Mr. Imeson commented about all the proposals, indicating that they were his personal observations and that they did not reflect the views of the Subcommittee. He stated that the UO and OGI proposals do not directly relate to the overall organization of OSSHE engineering programs, and, in Mr. Imeson's opinion, they should be developed further, no matter what proposal is adopted for engineering.

"Two distinctly different proposals are before us," stated Mr. Imeson. "Each proposal suggests that current resource allocation is inadequate. Nobody is saying that the current system is what we ought to have. Each proposes a greater degree of cooperation than currently exists. I think Dr. Risser and the Solution Team have done a commendable job doing what this Board asked them to do. The model for the Oregon Statewide College of Engineering includes clear goals in terms of increased capacity and quality. I think it's a compelling vision, but it does so through a complete merger of the programs at
OSU and PSU. My own view is that the easiest part of many mergers is the initial transaction, and we often overlook the difficulty in actually merging different cultures that reflect different institutions with fundamentally different approaches. So it's my conclusion that we should adopt the goals and vision of the Oregon Statewide College of Engineering, but consider a different means of getting there.

"President Ramaley has put before the Subcommittee on Engineering a proposal for a Metropolitan Consortium, and she stated that it is a first step in a broader consortium for engineering and technical education that would be governed by an Oregon Board of Engineering and Technology. Its strength is its inclusive approach with a clear role for the industry we're trying to serve and the potential for broad participation by other postsecondary institutions, both public and private.

"But I think if we are going to earn the investment that is necessary to achieve our goals, we need to have more than a voluntary organization, and we need to address the needs that go beyond Portland right now. The fundamental question now for the Board is how to organize our resources. The vision of a statewide commitment to engineering, responsive to the nature and geographic distribution of engineering employment, is the appropriate central focus for this effort. The statewide commitment certainly includes the need for engineering in the Portland area, but we must also anticipate both the high-tech industry in other parts of the state and the need for engineers in other than the high-tech industry.

"The first commitment must be to those who hire engineers. Industry invests in its bottom line, and quality engineers are essential to the bottom line of the high-tech industry. It's both our challenge and our responsibility to describe the needs of industry and propose the best match between those needs and the nature and distribution of the education response. In other words, we must first focus on what is needed and where it is needed, and then bring our capacity to that need."

Based on the belief that the Board's proposal should be comprehensive, Mr. Imeson presented the following proposal. (Note: Mr. Imeson distributed a written form to the Board, which is indicated by italics; the boldface indicates what was added when presented to the Board.)
Direct the Chancellor to work with private industry associations and representatives and report back at our next meeting with a proposal that includes the following:

- The creation of a Vice Chancellor for Engineering and Technology, reporting to the Chancellor, who will head the Oregon College of Engineering. All state funds for engineering and technology will be invested through this office. Clear goals, measures, and targets encompassed for the College would be approved annually by the OSSHE Board.
- The Vice Chancellor will be advised by an Oregon Engineering and Technology Council, which will be predominately industry members but include membership from the Board of Higher Education. And I think we ought to consider also the other boards that were referred to in Dr. Ramaley's proposals. We need to be concerned both about support and accountability.
- The Oregon Center for Advanced Technology Education and the Joint Schools of Engineering program would be merged into the Oregon College of Engineering.
- Undergraduate degrees would continue to be granted by current institutions; the Chancellor's proposal should recommend whether the Oregon College of Engineering should grant graduate degrees, joint degrees, or both.
- The Vice Chancellor would contract with the Oregon Graduate Institute and other appropriate institutions within and beyond Oregon. The criteria will be quality, cost effectiveness, and the match with defined needs.
- Faculty and deans of engineering would remain in their current structures, but with a dotted line relationship to the Vice Chancellor. Their performance would be reviewed based on both the institutional and Statewide College of Engineering goals, measures, and targets. Faculty would create multidiscipline, cross-institutional teams to maximize resource and talent utilization.
- We need to recognize in this that new resources are absolutely critical to the success of the College of Engineering, and the Chancellor's Committee would identify resource requirements for submission to the Governor for the budget currently being developed. The Chancellor would also include specific, measurable goals for graduate and undergraduate engineering which the new resources would support in the 1997-1999
biennium. It would also be our intention to leverage private-sector contributions, which may take the form of cash, equipment, internships, and other in-kind contributions.

Mr. Imeson added that the current vice chancellor for advanced technology education also serves as dean of engineering at OSU. The vice chancellor position Mr. Imeson suggested would not be attached to any institution and would have direct responsibility for the engineering investments.

Mr. Imeson concluded by addressing what has evolved into a PSU/OSU issue. 'This is the wrong issue. The issue is: How do we solve the need for Oregon with the realities of limited resources, geographic restraints, needs that are statewide and also are customer driven and industry connected?' He stated that OSSHE must work collaboratively across institutional boundaries. 'What's at stake is nothing less than our state's competitiveness and economic well-being.'

Ms. Wustenberg stated that she supported the approach that does not set up battle lines. She asked if all the funding would go through the proposed vice chancellor's office. Mr. Imeson responded that his intention was that all state funds for engineering technology be invested through that office. However, he cautioned that the details need to be developed and would ask the Chancellor for direction.

Mr. Swanson expressed reservations about the ability to target resources effectively under a consortium approach. Rather, he believes that combining strengths and resources would enable OSSHE to meet its goal of having a strong, highly ranked program.

Ms. Christopher indicated that, while she found the Solution Team's proposal exciting, she was concerned that PSU would be reluctant to accept the implementation of the proposal. She asked Dr. Ramaley if PSU would "welcome increased presence by OSU in the Portland geographic area to offer more in the way of engineering to meet those goals?" President Ramaley responded, "Absolutely." She presented the Board with a brief description of the PSU proposal, framing it along the lines of the UO School of Computing proposal — joint programs, joint investments in a collaborative model. "We believe OSU should be much more active in the metropolitan area," said Dr. Ramaley.
Mr. Willis indicated that he felt it would be best for the Board to wait on making a decision. "I don't think we have the answer today. We have compelling ideas. We need to remain responsive to all ideas, let the new ideas emerge in the process and not jump too quickly." He commented about the effect of the polarity between the institutions on the decision-making process.

Ms. Christopher commented that the Board had been inundated with letters from Portland and PSU. "I feel heartened that you [Dr. Ramaley] say PSU is willing to work with OSU and welcomes added presence, because that contradicts [the letters]." Ms. Christopher noted that none of the letters was from the President's office. President Ramaley apologized for the impression of the letters. "We are strongly collegial and collaborative. We believe in blending resources. We would like to build a collaborative framework to offer diversity as well as easy access. Mr. Rhinard added his perceptions about the recent communications. "Diane [Christopher] is right. A lot of letters did not send that message. In fact, a lot of them were offensive in their inaccuracy."

Mr. Imeson commented that his concern that the Board make a decision was due to the upcoming legislative session. He indicated that OSSHE needs to have its proposal on the table or, he believes, this opportunity may be lost.

Ms. McAllister asked Mr. Imeson for clarification of the proposed engineering and technology board — Would it be a governing board or advisory? Mr. Imeson responded that it would be advisory only. Governance would still be through the Board of Higher Education.

Ms. McAllister asked Mr. Imeson if his proposal would include OIT's involvement more specifically and immediately, to which Mr. Imeson responded that it would.

Ms. Puentes asked about the purpose of the December Board meeting (or Executive Committee meeting). Mr. Imeson responded that Chancellor Cox would present the Board with a proposal consistent with Board direction at this point. Ms. Puentes asked for clarification about what decision the Board should make next. Mr. Imeson responded that the Board needed to choose from the several options presented, direct the Chancellor to work out more details and put a package together that could be presented to the Governor and
legislature. Chancellor Cox added, "It's imperative that you act in as clear and directive way as possible because time is limited. We have roughly one month to have any impact on this biennium. And without resources, we have no leverage."

Ms. McAllister and Dr. Cox discussed the necessity of hiring a high-caliber vice chancellor who is "challenged by challenge," a distinctive individual. Dr. Cox added that many details still need to be worked out.

Ms. Puentes thanked all those who presented the Board with proposals because it assisted her, as a Board member, to see the various choices available. Ms. Christopher echoed Ms. Puentes' comments. "Our charge is to provide Oregon students the best possible education we can. Our bottom line is to put it all together and provide the best possible package with available resources to students." Ms. Wustenberg pointed out that the role of Board members includes giving up the luxury of regionalism.

Ms. Wustenberg asked President Risser to comment on Mr. Imeson's proposal. Dr. Risser stated that he felt it would eventually move to a merger. While he could accept the recommendation, he indicated it had two disadvantages. One, it delays a step that could be very helpful to students. Two, he believes the only way to achieve national recognition is to combine resources.

Ms. Christopher asked if Mr. Imeson thought his recommendation would result in a formal merger in a couple of years. Mr. Imeson replied that it's hard to foresee. However, he does believe that his proposal will help bring the participants together.

Mr. Swanson stated that he intended to vote against Mr. Imeson's proposal, "not because I think it's an idea without promise, but because I think there's a better idea on the table. I will vote against a second-best idea — but I hope and pray it works if it passes."

President Risser indicated his acceptance of Mr. Imeson's recommendation because he believes it will eventually lead to the same place the Solution Team was headed.

Ms. Waddy commented on the entire process, stating that she hoped it would be a learning experience for the board, staff, and leadership.
She thought that if the process hadn't been so rushed and if the "one-best solution" hadn't been the approach, there wouldn't have been the problem with polarization of institutions.

Chancellor Cox noted that the issue includes increasing the number of academically qualified young people available to participate. This means revisiting the process of scholarship awards. Mr. Imeson echoed the point that the Board needs to come to a decision. Ms. McAllister agreed that, while all the proposals have strong merit, the Board needs to progress.

Vice Chancellor Owen expressed his frustration with the current situation, that is, engineering faculty working as hard as they can in teaching, service, and consulting, with tight resources. "We can't graduate any more students with the present faculty, facilities, and funding. We've got to address that particular problem or people will leave. And the ones who will leave will be our best. We can't afford to let that happen. So I would ask you to do one thing: Concentrate on what we need to do to get funds to improve our engineering programs. We can't do it with what we've got now. I feel very strongly about that." Mr. Imeson agreed with Dr. Owen, and invited any closing comments.

Mr. Whittaker stated that institutional polarity needs to end, stressing that OSSHE institutions must adopt a team approach to engineering. "We must have a state school of engineering that's responsive to students, business and industry, and the citizens of the state. That has to be the goal of all institutions, as well as the Board, in any line we pursue."

Ms. Christopher voiced her support for Mr. Imeson's proposal, but asked if the proposal should include some assessment tools. Mr. Imeson indicated that specific measurable goals were mentioned, and that assessment must be a piece of it.

Ms. McAllister moved and Ms. Puentes seconded the motion to adopt Mr. Imeson's recommendation. The following voted in favor: Directors Christopher, McAllister, Puentes, Rhinard, Waddy, Whittaker, Willis, Wustenberg, and Imeson. Those voting no: Director Swanson.

Mr. Imeson thanked all who participated in the process.
COMMITTEES
OHSU Board

Mr. Imeson indicated that he had not yet been confirmed to be the OSBHE representative to the OHSU board.

DELEGATION
OF AUTHORITY
TO EXECUTIVE
COMMITTEE

Vice President Imeson indicated that it might be necessary for the Executive Committee of the Board to meet in December. Mr. Imeson made the following statement.

Pursuant to Article II, Section 5 of the Bylaws of the Board of Higher Education, the Board delegates to the Executive Committee authority to take final action as designated or deemed by the Committee to be necessary subsequent to the adjournment of this meeting and prior to the Board’s next meeting. At its December 20, 1996, meeting, the Executive Committee may act for the Board in minor or emergency matters, subject to Board approval at the Board’s January 17, 1997, meeting.

ITEMS FROM
BOARD
MEMBERS

Ms. Wustenberg asked a procedural question about public notice for an executive session of the Board. Dr. Thompson responded about the legal requirements and timelines. Ms. Wustenberg inquired if any Board member could request an executive session, to which Dr. Thompson responded yes, any Board member could.

Mr. Willis re-emphasized the need for the Board to think about how it spends Board meeting time, considering how time is invested and what changes might be beneficial. Chancellor Cox mentioned one option would be to return to the Board committee structure formerly used. While it allows Board members greater knowledge and understanding, it does result in some repetition at the full Board meetings as items are revisited. Another idea is to have a working dinner Board session on alternate Board meetings. Mr. Willis expressed his appreciation for the "extraordinary dialogue" the previous evening at the working dinner. In addition to structure, he also raised the issue of types of authorities to delegate.

Ms. McAllister stated that, "As the process of the task force conclusions were developed into solution teams, Dr. Cox acknowledged that it takes courage to chart new territory by exploring differing ideas and asking tough questions. I want to thank Chancellor Cox for his leadership, for it does take leadership to get where we are in the process, and for his ethics, which exemplified grace under fire. I'd also be remiss if I did not thank Dr. Risser, who accepted the
toughest job and proceeded with elegance. I appreciate it so very much."

Ms. Christopher expressed her gratitude to retiring Board member Rhinard, stating that it had been a pleasure working with him. Mr. Swanson echoed Ms. Christopher comments.

Ms. Waddy updated the Board about a dispute with the Associated Students of OSU (ASOSU) that began a couple years ago and ended up going to court regarding health insurance policies. The court ruled in ASOSU's favor and, as a result, the ASOSU retains the money in question and will be able to offer health insurance scholarships at OSU, which Ms. Waddy believes is the first program of its kind in the country.

ADJOURNMENT  The Board meeting adjourned at 12:15 p.m.

Virginia L. Thompson  
Secretary of the Board

Tom Imeson  
Vice President of the Board