MINUTES OF THE
REGULAR MEETING OF THE
OREGON STATE BOARD OF HIGHER EDUCATION

February 21, 1997

ROLL CALL

MINUTES APPROVED

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  J. Owen
  Welcome, K. Van Patten
  PSU Presidential Search Committee

CHANCELLOR'S REPORT
  Oregon College of Engineering & Computer Science
  Agenda Highlight
  Legislative Talking Points Paper
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  (including PASS Update [report only])
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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 8:40 a.m. by President Aschkenasy.

On roll call, the following answered present:

Ms. Diane Christopher  Mr. Jim Willis  
Mr. Tom Imeson  Ms. Phyllis Wustenberg  
Mr. Les Swanson  Mr. John Wykoff  
Dr. Jim Whittaker  Dr. Herb Aschkenasy

Ms. McAllister was out of the country and Ms. Puentes was ill. Ms. Katie Van Patten was in attendance; her appointment was scheduled for full Senate confirmation during a meeting that afternoon.

MINUTES APPROVED
The Board dispensed with the reading of the minutes of the January 17, 1997, regular meeting and the January 29, 1997, special meeting of the Board. Ms. Wustenberg moved and Dr. Whittaker seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Christopher, Imeson, Swanson, Whittaker, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

PRESIDENT'S REPORT
President Aschkenasy acknowledged the recent death of Vice Chancellor John Owen. At a loss for words, Dr. Aschkenasy said simply, "He was a great guy and we'll miss him." Chancellor Cox added that it's impossible to think about John without smiling. "He was my friend for ten years. His attitude was 'We'll just have to do the bloody best job we can.'"

Welcome, K. Van Patten

President Aschkenasy welcomed Ms. Katie Van Patten to the Board, although the confirmation process is not quite complete.

PSU Presidential Search Committee
Dr. Aschkenasy thanked the Committee for their hard work. Committee Chair Diane Christopher makes frequent trips to Portland for meetings. Board members on the Committee are Ms. Christopher, chair; Mr. Imeson; and Ms. Wustenberg.
CHANCELLOR'S REPORT
Oregon College of Engineering & Computer Science

Chancellor Cox indicated that Dr. Owen would have wanted the work on the Oregon College of Engineering and Computer Science to continue. Consequently, Dr. Robert Dryden, dean of engineering at PSU, as well as a close collaborator with Dr. Owen and member of the Leadership Group, has been asked to step in as interim vice chancellor of OCATE and for the Oregon Joint Graduate Schools of Engineering and as liaison with the CAPITAL Center. In addition, OSU has named Dr. Tom West, current associate dean of the school, as interim dean of the school of engineering. Dr. West will join the Leadership Group. OSU will launch a national search immediately to replace Dr. Owen.

Mr. VanLuansee, chair of the Engineering and Technology Industry Council, has been working to put together the membership of the Council, and the first letters of invitation to join the Council are being sent out.

Finally, Dr. Cox noted that, in the wake of the loss of Dr. Owen, it calls into question the decision for the Chancellor to coordinate the efforts of the College. He indicated that this will be under discussion and he would bring a recommendation to the Board in the near future. However, his personal view is to begin a search for a new vice chancellor immediately.

Agenda Highlight

Chancellor Cox highlighted the report "Return on Investments," which is the first of a series of accountability reports. The report indicates that 93 percent of those students who earned a graduate or professional degree five to ten years ago are employed.

Legislative Talking Points Paper

Dr. Cox indicated that Mr. Kerans would be distributing a talking points paper that was developed at the request of business and industry representatives who wanted to know how they could assist higher education with the legislature. The paper is a distillation of the decision packages and the Governor's budget in a format that lists issues, responses, and outcomes.

P. Risser, J. Ramaley

Finally, Chancellor Cox noted that Dr. Risser was in London chairing a major international panel on science and the environment, and Dr. Ramaley was in Washington, D.C., leading a panel at the annual Presidents Leadership Colloquia.
IFS Report

Dr. Paul Simonds, president of the Interinstitutional Faculty Senate, addressed the Board and the text of his speech is included in its entirety as follows:

"The Interinstitutional Faculty Senate held its regular meeting on February 7-8, 1997, on the WOSC campus at Monmouth. Representatives Peter Courtney and Dennis Luke and Peter Calliero, president of OFT, spent time with us Friday afternoon as we discussed the political climate for higher education. Clearly the interpretation of Measure 47's impact will strongly influence the final budget and agreement on that impact has not been achieved. We discussed the chances of prepaid tuition, long-term investment in state infrastructure, environment, and social services, and we considered transferability of credits from community colleges to OSSHE institutions. Legislators are still concerned with articulation between the two levels of higher education in the state. Grattan Kerans joined our discussion Saturday and gave us an update of higher education's budget. Following that, much of our business meeting was spent on the following issue.

"The AAUP and AOF have arranged to have a bill submitted to the legislature to add two faculty members as voting members of the OSBHE to be appointed by the Governor. Because the Interinstitutional Faculty Senate has discussed this possibility over a number of years, we raised the issue at our February 7-8 meeting and voted to support the bill. The IFS invites the Board to lend your support as well. We understand the members of the Board have varied opinions on the advisability of the move to add faculty members to the Board, either as voting or nonvoting members. However, we believe the following points are strong reasons for adding faculty representation to the OSBHE.

"Our position in support of faculty members on the Board is based on the belief that we, who are the practicing professionals delivering the services of higher education, have much to offer as insights into the practical workings of the System. We are responsible for providing the educational, research, and consulting services expected from higher education and know from practical experience what works well. For that reason, we believe our full participation in Board activities and deliberations will add to your own expertise drawn from areas outside higher education. The integration of these multiple viewpoints should provide a richer context within which the decisions directing higher education will be made in the future.

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"We recognize and admire the skill, intelligence, and dedication the members bring to the Board. It is for structural reasons we find faculty continually returning to the proposition that they should be represented on the Board. Most of us belong to associations that regulate how we conduct our professional lives. Lawyers are on Bar Association boards, doctors are on Medical Association boards, and some doctors and lawyers are also faculty. Even anthropologists such as I belong to American Association of Physical Anthropologists and American and International Associations of Primatologists. The same is true from anthropology to zoology. We are accustomed to having votes on these boards and associations that strongly influence our professional lives. From our point of view, membership on the Oregon State Board of Higher Education is a similar proposition.

"At another level, the charter of the UO, later extended to the other campuses in ORS 352.010, 352.004, 352.006, states, ‘The President and professors constitute the faculty of the University, and, as such, shall have the immediate government and discipline of it and the students therein. The faculty shall also have power, subject to the supervision of the board of regents, to prescribe the course of study to be pursued in the University, and the textbooks to be used.’ This has placed faculty in a position of voting on issues vital to the operation of their institutions and implies, in the eyes of many faculty, a mandate to govern or at least participate in their own governance.

"In 1991 a survey by the Arizona AAUP of 485 institutions listed as the best in the U.S. by U.S. News and World Report yielded replies from 272 of them. At that time, 104 or 38 percent had faculty on governing boards. On some of these boards, faculty have the right to vote (Harvard, Temple, Cornell, for example). On others, faculty vote on board committees (Brandeis, City University of New York, for example). In a third category, faculty can speak but not vote from their seat on the board (University of California System, Michigan State, for example). Other constituencies represented on governing boards include students (64), alumni (49), staff (20), and administrators (13). Faculty membership on boards governing higher education, even with voting rights, is a feature of higher education governance in this country.

"Oregonians are rethinking education from kindergarten through graduate school. Here is an opportunity to examine higher education governance and to ask how its effectiveness could be improved. The IFS believes the best way to achieve this objective is to strengthen the
partnership among citizens, students, and faculty by adding two voting faculty members to the board. I again invite your support.”

President Aschkenasy thanked Dr. Simonds for having informed him of the topic of the IFS report prior to the Board meeting.

Background

It is Board policy to approve admission requirements for each academic year in February of the preceding calendar year. This schedule is necessary for institutional planning, program implementation, publications, and timely notice to prospective students.

Following Board action on admission policy recommendations for the 1998-99 academic year, Director David Conley provided a brief update on the Proficiency-based Admission Standards System (PASS) project. Superintendent Jack Bierwirth shared information on the progress of the collaborative partnership between OSSHE and the Portland Public Schools.

Admission Policy Update

*Transition to a Proficiency-based Admission System:* Beginning with the admission policy adopted by the Board for 1996-97, the State System projected a transition from the traditional grade- and subject-based admission standards to a proficiency-based admission standards system (PASS). A revised, projected schedule for this policy transition is presented in Part II of the full admission policy document. (This document was in the supplementary section of the Board’s docket.)

*Implementation of the Second Language Requirement:* The first year of implementation of the second language requirement (two years of high school-level study or two terms of college-level study or demonstrated proficiency in a second language) is the 1997-98 academic year. Students who are otherwise admissible but deficient in meeting this requirement will be admitted with the condition that the deficiency be made up either prior to or after enrollment. The purpose of the transitional provision is to phase in the requirement while still permitting student access to OSSHE institutions.

It is anticipated that the phase-in transition will be completed by the end of the 2001-02 school year, by which time HB 2991 (enacted in
1995) requires that all Oregon high schools provide two years of second language instruction to all students completing grade 12. The Board's policy and state requirements together will eliminate the basis for continuation of an exception provision in admissions.

Admission Policy Changes for 1998-99

Admission policy as currently approved by the Board for the 1997-98 academic year will continue without change, except as noted above, for admission to the 1998-99 academic year.

Financial Impact Statement

The continuation of the current admission policy for the 1998-99 academic year is not expected to have a significant financial impact on OSSHE campuses. However, the cost of the continued development of the proficiency-based admission standards system is significant. It is being borne by federal and private philanthropic grants, as well as allocations from the OSSHE Chancellor's Office budget.

Staff Recommendation to the Board

Staff recommended (1) that the 1997-98 general admission policy be continued for the 1998-99 academic year, and (2) that staff continue to work with Oregon schools and the Oregon Department of Education on the transition from the traditional admission policy to the proficiency-based admission standards system (PASS).

Board Discussion and Action

Vice Chancellor Clark indicated that "we have argued for some time in recent years that we should try to keep our undergraduate admission requirements essentially stable. At the same time, we are making very deliberate plans to transition to the new admission environment, which is the proficiency-based admission standards system that we began to plan in July 1993." Dr. Clark informed the Board that the work has been orchestrated with colleagues in the Oregon Department of Education (ODE) and their development of the Certificates of Initial and Advanced Mastery (CIM and CAM).

Dr. Clark also reminded the Board that fall term would mark the first year of implementation of the second language requirement, a policy
action the Board took in the early '90s to require that students have studied a second language.

Dr. Aschkenasy asked why OSSHE would accept transfer students with lower standards than required for students coming directly out of high school. Dr. Clark responded that various transfer standards have evolved at the institutions over time that, in general, recognize the somewhat different backgrounds of transfer students. "Many of our transfer students have had experience at multiple institutions, which makes it somewhat more complicated to hold them to exactly the same requirements," explained Dr. Clark. However, she indicated that students who are doing freshman-level work, at some point, must meet the freshman-level entry requirements. Rather this refers more to students who have done much of their academic work in other places who are labeled "transfer students" in the admission policy.

Dr. Aschkenasy asked what percentage of the enrollment is in the transfer student category. Vice Chancellor Anslow responded that, according to the most recent enrollment report, 3,200 students transferred from community colleges.

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

PASS Update

Summary of PASS Presentation

PASS Director Dave Conley summarized the major accomplishments of the PASS project over the past seven months. Thirty high schools, enrolling 40 percent of Oregon's high school students, are working in partnership with PASS. He indicated that they're working with over 200 teachers to develop standards and assessments; already 170 second language teachers have been trained to verify students. Starting fall 1997, OSSHE will accept demonstrations of second language proficiency to fulfill entrance requirements. Supplemental proficiency reports in other content areas may also be attached to transcripts from the 30 partnership schools.

Dr. Conley reported that a field office has been established in the Portland Public Schools (PPS) administration center. Five PASS staff members work out of that office, providing support for PPS and other schools in the metro area.
Dr. Conley directed Board attention to a chart on page 22 of the supplemental booklet that illustrates the phased implementation of proficiency expectations. This strategy was developed closely with ODE. He indicated that work is being done to align the assessment systems (OSSHE and ODE). One of the challenges has been that even if an assessment is difficult, it does not necessarily mean that it tests the areas that would indicate a student's ability to be successful in college.

Within OSSHE, Dr. Conley stated that the proficiencies and indicators are continuing to be refined. In addition, OSSHE faculty are being involved and campuses have been encouraged to create "implication teams" to determine how higher education may be affected by students who enter with proficiencies. Dr. Conley noted that all the provosts and a growing number of admissions officers support the PASS project.

In addition, PASS is working with out-of-state agencies. "We're not creating a system that will maroon students in Oregon or prevent them from going anywhere else," explained Dr. Conley. He shared with the Board letters of support from presidents of all the higher education institutions in the state of Washington and from Stanford. Letters from the University of California and California State University systems are "in the works" and conversations are continuing with the Colorado higher education system.

A proficiency-based transcript is under design, and a supplemental proficiency report form for students doing second language proficiency in high schools is currently being used.

Dr. Conley directed Board attention to a yellow handout that lists these accomplishments and also lists future directions of the PASS project. (The handout is on file in the Board's office.)

Dr. Aschkenasy asked about the implications of PASS on college-level remediation. Vice Chancellor Clark responded that dual processes will be in place for some years, indicating that it's complicated because OSSHE has to be in synch with ODE. Dr. Clark noted that it is anticipated that fewer students will be admitted to OSSHE in need of remediation. She explained that the current focus is written English composition and college-level math. Dr. Clark also pointed out that remediation of students is part of the mission of community colleges, so OSSHE expects to do very little remediation.
Dr. Conley introduced Dr. Jack Bierwirth, superintendent of PPS. He explained that the PASS system differs from one implemented in New York that sets rigorous standards but is based on Carnegie units. He reminded the Board that the PASS/PPS partnership has two objectives: one, create a seamless system of education, kindergarten through university, with PASS as the anchor; and, two, figure out how to get all students to those levels of proficiency.

Dr. Bierwirth commented that it's been hard, given the current financial environment, to keep up their share of the partnership. However, when representatives from The Pew Charitable Trusts reviewed their work, they were further along than the other seven grant recipients in reformulating the whole approach to the education system.

Mr. Imeson asked if the partnership is threatened by the legislative K-12 funding package. Dr. Bierwirth said it was, but that they are committed to the partnership, regardless of the funding. Nevertheless, to get more students to proficiency levels, money would be needed for such strategies as lengthening the school day, providing after-school tutors, or providing summer school. Another piece, Dr. Bierwirth pointed out, is teacher planning time. "I don't need money for experts to come in and tell teachers what to do. I do need time for teachers who have never taught the bottom third of a class at a high level of academic rigor. I need time for teachers to plan how to make this work." And another obvious problem is the student-teacher ratio. "We obviously stack the odds against kids if there are 35 or 40 in a class as opposed to 25."
# Admission Requirements: 1998-99 Academic Year

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<th>UO</th>
<th>OSU</th>
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<td>SAT I / ACT Scores **</td>
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## TRANSFER ADMISSION

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<td>All Applicants Must Meet Specified Course Requirements</td>
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* In courses taken to satisfy the subject requirements. Students with below the 3.00 HSGPA must submit a portfolio with specified, additional documentation.

** Minimum SAT I scores are not required but score results must be submitted and may be used for alternative or selective admission.

*** Courses Required: OSU, UO – one writing course beginning with WR 121; college algebra or above, or the equivalent of Math 105. All Institutions – two years of same high school-level second language or two terms of a college-level second language or acceptable performance on approved assessment options. American Sign Language (ASL) is acceptable in meeting the second language requirement. Second language requirement applies to transfer students graduating from high school in 1997 and thereafter.
Staff Report to the Board

The Board of Higher Education permits institutions, with the concurrence of their faculty, to award honorary degrees. Each institution wishing to award honorary degrees must adopt criteria and procedures for selection that will assure that the award honors distinguished achievement and outstanding contributions to the institution, state, or society. Criteria and procedures for selection must be forwarded to the Chancellor for approval and, when approved, filed with the Secretary of the Board. Institutions are required to forward their recommendations for honorary degrees for the Board’s approval 90 days before the date for awarding the degrees.

University of Oregon

The University of Oregon requests authorization to award an honorary doctorate to Senator Mark O. Hatfield at its June 1997 commencement.

Mark O. Hatfield

During a career that spanned 46 years in elective office that followed a teaching career at Willamette University, Senator Hatfield set an exemplary standard of personal and political integrity and courageous independence.

Senator Mark O. Hatfield’s service to the people of the state of Oregon and of the United States is well-known; therefore, we present here primarily information relating to the specific connections between the University of Oregon and the esteemed public servant.

In his 30-year career in the U.S. Senate, Senator Hatfield brought honor and distinction to the state of Oregon and steadfastly served its people. His positions of leadership in the Senate and the high respect in which he was held by colleagues from both political parties provided opportunities for great accomplishments in support of his aspirations for our society. Over the years, Senator Hatfield has demonstrated his deep commitment to education and basic research. In 1984, the Senator was instrumental in obtaining $33.4 million in federal funding for a new science complex at the University of Oregon. Without such infusions, it would be difficult, if not impossible, to maintain the intellectual vitality critical to attracting and retaining
first-rate faculty members and students in areas of advanced science and technology.

The award of an Honorary Doctorate to Mark O. Hatfield is only the second such honor bestowed by the University of Oregon in the last 50 years. Senator Hatfield will make the commencement speech at the June 14, 1997, ceremony.

Oregon State University

Oregon State University requests authorization to award honorary doctorates to Daniel Callahan, Paul Crutzen, and Barrie Gilbert at its June 1997 commencement.

Daniel Callahan

Daniel Callahan is one of America's leading voices in efforts to bridge the gap between the humanities and the sciences. He served for 25 years as president of the Hastings Center, the nation's leading center for the study of the ethical implications of science and biomedicine.

In 1969, Callahan founded the Institute of Society, Ethics and the Life Sciences — later renamed the Hastings Center — and transformed it from a one-room entity in his basement to a world-renowned biomedical research center. The Center deals with a number of contemporary issues such as AIDS, death and dying, genetic engineering, organ transplants, and reproductive technology, and it has spawned numerous medical ethics centers in the U.S., Europe, and Asia.

Callahan first emerged into national prominence when he argued that a crisis loomed in health care resources that would require society to set priorities and limits on patient care.

From 1987 to 1993, Callahan wrote an award-winning series of books that set an agenda for biomedical ethics and spawned a national debate. He urged the medical community to redefine the goals and purposes of medicine, and advocated a shift in emphasis from prolonging life and slowing aging to a focus on caring for the patient, including the relief of pain and suffering.

His interest in merging the humanities and the sciences began while studying for his doctorate at Harvard University and continued during
the eight years he served as editor of Commonweal magazine, a lay-edited Roman Catholic weekly journal of opinion. It was there Callahan realized he could pursue his quest for philosophical insight outside of academia.

Daniel Callahan has lectured at more than 700 universities in the United States, Canada, Asia, and Europe, and before more than 300 professional and academic associations. A member of the National Academy of Sciences and the American Association for the Advancement of Science, he has received numerous awards and honors.

Paul Crutzen

Paul Crutzen did not publish his first scientific paper until the age of 32, yet he has developed into one of the foremost researchers — and scientific visionaries — in the world.

The Dutch atmospheric scientist showed in 1970 that naturally occurring nitrogen oxides destroy the ozone, and his collaboration with two other scientists helped us recognize the dangers of ozone depletion. Their work, a decade before the discovery of the Antarctic ozone hole, eventually led to a 1995 Nobel Prize in Chemistry.

In January 1985, Discover magazine tabbed Crutzen as Scientist of the Year for his dire warnings about the potential effects of nuclear war. Crutzen outlined a scenario in which fires triggered by a nuclear exchange would envelop the Earth in a thick cloud of smoke, lowering the temperature, eliminating photosynthesis, killing crops, and making the cultivation of new crops impossible. From his warnings came the term "nuclear winter" and a global recognition of the far-reaching effects of nuclear warfare.

His vast knowledge of the atmosphere drew Crutzen to Brazil in the late 1970s to study the influence of carbon produced by the burning of tropical forests. To the surprise of many, he found that burning might actually decrease the amount of carbon dioxide in the atmosphere because about 13 percent of the burned tree remained on the ground as solid carbon. When plants decay, nearly all of their mass is converted to gas.

Paul Crutzen was trained as a civil engineer, became a computer programmer, earned a Ph.D. in meteorology, and taught himself
chemistry. When the 1995 Nobel Prizes were announced, Crutzen was on vacation. A colleague, when informed that Crutzen had won, asked, "What for?" Such is the diversity and importance of his work.

Crutzen is a director at the Max Planck Institute for Chemistry in Mainz, Germany.

Barrie Gilbert

Barrie Gilbert is perhaps the world's foremost engineer in the area of integrated circuits, the crucial elements in electronic devices. His inventions and technological advancements are numerous and far-reaching, encompassing such fields as medicine, transportation, and communication.

He developed a concept for medical equipment that hospitals routinely use to improve the clarity of fetal ultrasound images. His work in voltage-to-frequency converters is found on high-speed Japanese "bullet" trains. And his advancement of integrated circuit technologies led to the development of the "Gilbert Mixer," used in almost all forms of modern communication systems, as well as the "Gilbert Multiplier" and the "Gilbert Gain Cell."

These mixers have many applications, including cellular phones, satellite communications, the metering of residential electrical currents, modems used to connect to the Internet, radio telescopes for reaching far into space, and even garage door openers.

Gilbert is the manager of Northwest Laboratories at Analog in Beaverton, a leading company in analog and mixed-mode integrated circuits. Born in Great Britain, he moved to the United States in 1964 and played a key role in the development of the first integrated circuits at Tektronix.

Named Oregon Researcher of the Year in 1990, Gilbert has 40 patents to his credit and has written more than 50 papers in leading journals. He also has been a teacher and an adviser, working with Oregon State University and the Oregon Center for Advanced Technology Education (OCATE).

Barrie Gilbert has spent most of his life designing analog circuits, beginning with four-pin vacuum tubes in the late 1940s and evolving into state-of-the-art communication systems of the 1990s.
Staff Recommendation to the Board

Staff recommended Board authorization to the University of Oregon to award an honorary doctorate to Senator Mark O. Hatfield, and to Oregon State University to award honorary doctorates to Daniel Callahan, Paul Crutzen, and Barrie Gilbert at the June 1997 commencements.

Board Discussion and Action

Dr. Whittaker moved and Ms. Wustenberg seconded the motion to approve the staff recommendation. The following voted in favor: Directors Christopher, Imeson, Swanson, Whittaker, Willis, Wustenberg, Wykoff, and Aschkenasy. Those voting no: none.

Introduction

Portland State University requests authorization to offer the Master of Music (M.M.) in Performance or Conducting. The Board reviewed a preliminary proposal for this program on May 9, 1996. Both of these proposed specializations emphasize students' development — and expression of individual talents — at a professional level. Performance focuses on competency in the communication of music through the medium of vocal performance or the major instrument; conducting focuses on the development of the skilled professional in choral or instrumental conducting. Currently, students interested in graduate work in music at PSU pursue either the MAT or MST. However, high interest now exists on the part of many students who have goals most appropriately satisfied by pursuit of a performance or conducting degree rather than an education degree. This proposed program would complement the existing Master of Music program at the University of Oregon by serving a population of talented, largely placebound, students in the Portland metropolitan area. The proposed degree is directly related to the urban mission of PSU by serving the vital arts community flourishing throughout the metropolitan area. No new resources are sought to implement this program. Present faculty members now utilized in delivering the MAT/MST degrees will be involved in the M.M. offerings. An internal reallocation of existing funds will be used to strengthen library holdings for this program, primarily musical scores.

The full program proposal and external review are on file in the OSSHE Office of Academic Affairs.
Staff Analysis

1. Relationship to Mission

The proposed program is directly related to PSU's urban mission. A professional program in the arts enjoys tremendous benefits from the diverse cultural influences of an urban center, and, conversely, the metropolitan area is the richer for its public higher education provider offering high-level programs in the arts. The institution's position as a primary influence in the city will be enhanced by the students in the arts who live and study there. Program graduates will add considerably to the quality of Portland's cultural life.

2. Evidence of Need

Portland State University has attracted an exceptional faculty — both in number and prestige — in the performing arts. Consequently, the number of highly qualified students in all music degree programs has increased significantly over the past decade. Approximately 40 students each year request information about graduate degrees in performance offered by the music department. Many of these students ultimately pursue graduate work in music at PSU via the teaching degrees, although their preferred option would be the M.M. Some students have left PSU programs when they felt their career options were limited without having the M.M. available. The Department of Music believes that it cannot continue to attract the best students without the proposed degree offerings. In terms of employment, an individual committed to a career as a professional performer should seek a degree program of distinction. Positions in every field of music are highly competitive and only those among the most qualified have the best chance for securing a position or creating a successful life in the performing arts. This program will better offer gifted and qualified graduates that chance.

3. Quality of the Proposed Program

The proposed program is assured to be of high quality. All participating faculty members are recognized as expert performers and teachers in their specialized area and are regarded as leaders in the community, regionally, nationally,
and in some cases, internationally. The resumes of music department faculty members are replete with references to performances, compositions, and recordings to their credit. Further, high levels of student success at the undergraduate level reflect the quality of present programs at PSU. Among recent honors attained are the 1992 and 1993 First Place prizes, National Association of Teachers of Singing competition; the 1994 Second Place, Portland Youth Philharmonic Concerto competition; and the 1995 First Place, National Metropolitan Opera competition.

4. Adequacy of Resources to Offer the Program

Faculty. No new funds are sought in order to implement this proposed new program. The faculty members currently involved in delivery of the MAT and MST degrees would be the same individuals to provide instruction for the M.M. degrees. An integral part of the instructional mission of the proposed program would be carried out by involving adjunct faculty members who are leaders in Portland’s major musical organizations. Reassignment of present faculty will be made to accommodate the one new course in the curriculum.

Library, Facilities, and Equipment. The present music holdings of the PSU library represent a high-quality collection. The Audio-Visual Services section of the library contains the collection of scores and recordings needed for research. With the rise of the CD as the recording standard, the Audio-Visual unit began building a complete collection several years ago. Weaker areas in both book and recording collections are being reviewed in consultation with faculty members in each specialty; an additional $2,000 per year has been reallocated from existing library funds to enhance these areas, primarily for the purchase of performance scores.

Program Review

The proposed program has been reviewed positively by all appropriate institutional committees, the Academic Council, and by an on-site external review team. The external review was conducted by Thomas Cook, chair of the Department of Music at the University of Montana, and Richard Evans, chair of the Department of Music at Whitworth College, who visited the PSU campus on December 3,
1996. The positive review found that "much of the proposed curricular content is already in place;" that "increased enrollments in graduate music students should be expected as a consequence of adding these highly attractive options;" that the faculty have "definitive professional achievement in creative activity and proven teaching expertise;" and that PSU "can be proud of the stature of this department’s reputation in the state and region — a prestige assured to be even further enhanced" once this program is implemented.

**Staff Recommendation to the Board**

Staff recommended that the Board authorize Portland State University to establish a program leading to the Master of Music in Performance or Conducting effective fall term 1997, with a follow-up review of the program to be conducted by the State System Office of Academic Affairs in the 2002-03 academic year.

**Board Discussion and Action**

Dr. Aschkenasy indicated he had recently attended a concert of the Oregon Symphony that had a student conductor from Pacific University, and he wondered why PSU didn’t have a program like that. Dr. Stanford, department chair, explained that Pacific had a specific agreement with the Symphony as a result of an arrangement with a benefactor.

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

**Staff Report to the Board**

The 1995 Legislative Assembly authorized the Board of Higher Education to issue general obligation bonds to finance projects for capital construction and facilities repair and renovation. The maximum amount authorized for 1995-1997 is $95,380,000 for bonds to be issued under authority of Article XI-F(1) of the Oregon Constitution and $32,950,000 of bonds to be issued under Article XI-G of the Oregon Constitution.

Article XI-G bonds are matched by an appropriation from the state General Fund and are general obligations of the state, with the debt
service being paid from the General Fund. The construction projects included in this bond sale are for the OSU Valley Library and the PSU Urban Center projects. The universities are requesting that a total of $12,000,000 of Article XI-G bonds be authorized for issuance in the spring of 1997 for these two projects. Both the OSU and PSU projects have been authorized by the state legislature to use gift funds as matching for the Article XI-G bonds.

Article XI-F(1) of the Oregon Constitution authorizes the Board to issue bonds to construct and repair facilities used by self-supporting operations. Such bonds constitute general obligations of the state and are to be repaid from dedicated revenue sources associated with these projects or from student building fees. Article XI-F(1) has been used to issue most of the outstanding bonds of the State System. Uses have been to construct and renovate student facilities (student unions, health facilities, recreation facilities), housing facilities (residence halls and family housing), and athletic facilities (stadium). In recent years, bonds also have been approved by the legislature for projects to house communications activities and child care facilities.

The institutions are requesting that $32,200,000 of Article XI-F(1) bonds be authorized for issuance in the spring of 1997. The purposes for which the bonds would be sold are the WOSC Valsetz Dining Hall remodel ($2,550,000), the Susanne Homes Electrical Upgrade project at SOSC ($575,000), the UO Bean Hall Repairs and Seismic Upgrades ($2,040,000), Housing Lock Upgrade, Electronic Access ($355,000), and Carson Hall Repair ($1,225,000), all to be repaid from housing revenues; the UO Erb Memorial Union (EMU) Safety/Utility/Services ($3,980,000) and EMU Code Repairs ($1,020,000) projects, planning costs for the UO Recreation Center ($2,040,000), and the PSU Smith Center Renovation, Phase I ($1,020,000), all to be repaid from student building fees and operating fees; the Spencer View, Phase II family housing project at the UO ($2,040,000), to be repaid from rental fees; the planning costs for the PSU Student Housing and Grade School facility ($1,530,000), to be repaid from housing revenue under the aegis of College Housing Northwest; the UO Knight Law Center building ($10,510,000) to be repaid from a variety of sources including summer session fees, auxiliary assessments, and indirect cost recovery funds; the UO Willamette Block Building purchase and renovation ($2,550,000), to be repaid from rental income; and planning costs for the PSU Urban Center ($765,000), to be repaid from parking revenues.
The resolution now before the Board authorizes staff to pursue the sale of bonds for all projects currently identified by the institutions as needing bond funding during 1997-98. All figures for the Article XI-F(1) bond projects include a two percent addition for the bond cost of sale/discount. With this sale, a total of $76,780,000 of Article XI-F(1) bonds and $23,350,000 of Article XI-G bonds will have been sold during the biennium.

Staff Recommendation to the Board

Staff recommended the Board: 1) find that the projects for which Article XI-F(1) bonds are proposed meet the self-liquidating and self-supporting requirements of Article XI-F(1), Section 2, of the Oregon Constitution; and 2) adopt the following resolution authorizing the sale of Article XI-G and Article XI-F(1) bonds.

RESOLUTION

WHEREAS, ORS 286.031 states, in part, that the State Treasurer shall issue all general obligation bonds of this state after consultation with the state agency responsible for administering the bonds proceeds; and

WHEREAS, ORS 286.033 states, in part, that the state agency shall authorize issuance of bonds subject to ORS 286.031 by resolution; and

WHEREAS, ORS Chapters 351, 288, and 286 provide further direction as to how bonds are sold and proceeds administered; and

WHEREAS, Senate Bill 5535, Chapter 410, Oregon Laws 1995, establishes Oregon Constitution limitations on the amount of bonds that may be sold pursuant to Articles XI-G and XI-F(1) for the 1995-1997 biennium; and

WHEREAS, Senate Bill 5555, Chapter 254, Oregon Laws 1995, lists those projects that may be financed pursuant to Articles XI-G and XI-F(1); and

WHEREAS, it is appropriate for this Board to authorize the State Treasurer to issue bonds for projects authorized by Senate Bill 5555 and in amounts not greater than authorized by Senate Bill 5555 and for other projects as may be provided by law and as otherwise
required by law for the 1995-1997 biennium without requiring further action of this Board;

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 authorized by Oregon law. The Bonds shall be designated, dated, authenticated, registered, shall mature, shall be in such denomination, shall bear such interest, be payable, be subject to redemption, and otherwise contain such terms as the State Treasurer determines, including the designations as Oregon Baccalaureate Bonds, 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. Article XI-F(1) Projects. Bonds are authorized to be sold to provide funds for projects as may be authorized by the Oregon Legislature and as may be revised by the Vice Chancellor for Finance and Administration as authorized by Oregon law.

<table>
<thead>
<tr>
<th>Article XI-F(1) Projects</th>
<th>Estimated Cost</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Family Housing (Spencer View, Phase II)</td>
<td>$2,040,000</td>
<td>30</td>
</tr>
<tr>
<td>EMU Safety/Utility/Services</td>
<td>3,980,000</td>
<td>30</td>
</tr>
<tr>
<td>EMU Code Repairs</td>
<td>1,020,000</td>
<td>30</td>
</tr>
<tr>
<td>Bean Hall Repairs / Seismic Upgrade</td>
<td>2,040,000</td>
<td>30</td>
</tr>
<tr>
<td>Knight Law Center</td>
<td>10,510,000</td>
<td>30</td>
</tr>
<tr>
<td>Willamette Block Building</td>
<td>2,550,000</td>
<td>30</td>
</tr>
<tr>
<td>Housing Lock Upgrade, Electronic Access</td>
<td>355,000</td>
<td>30</td>
</tr>
<tr>
<td>Carson Hall Repair</td>
<td>1,225,000</td>
<td>30</td>
</tr>
<tr>
<td>Recreation Center</td>
<td>2,040,000</td>
<td>30</td>
</tr>
<tr>
<td>Portland State University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elementary School/Student Housing</td>
<td>$1,530,000</td>
<td>30</td>
</tr>
</tbody>
</table>
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Urban Center  
765,000  
30

Smith Center Renovation, Phase I  
1,020,000  
30

**Western Oregon State College**

Valsetz Dining Hall Remodel  
$2,550,000  
30

**Southern Oregon State College**

Susanne Homes Electrical Upgrade  
$575,000  
30

Total Article XI-F(1) Projects  
$32,200,000

Section 3. Article XI-G Projects. Bonds are authorized to be sold to provide funds for projects as may be authorized by the Oregon Legislature and as may be revised by the Vice Chancellor for Finance and Administration as authorized by Oregon law.

<table>
<thead>
<tr>
<th>Article XI-G Projects</th>
<th>Estimated Cost</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oregon State University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valley Library</td>
<td>$10,000,000</td>
<td>30</td>
</tr>
<tr>
<td><strong>Portland State University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Center</td>
<td>$2,000,000</td>
<td>30</td>
</tr>
</tbody>
</table>

Total - Article XI-G Projects  
$12,000,000

Total All Bond Projects  
$44,200,000

Section 4. 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 1966, as amended (the "Code"), that are required for Bond interest to be excluded 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 excluded. 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 that 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 5. 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 6. Other Action. The State Treasurer, the Vice Chancellor for Finance and Administration, or the Controller of the Department of Higher Education is hereby authorized, on behalf of the Board, to take any action that may be required to issue, sell, and deliver the Bonds in accordance with this resolution.

Board Discussion and Action

Vice Chancellor Anslow provided the Board with general background information on the System’s capital construction program. He highlighted the guiding principles used by the Board, the Chancellor’s Office, and the institutions in making determinations regarding capital construction and bonding.

Mr. Anslow reported to the Board that he had received a PSU communication which indicated that they had not yet raised the matching funds required under the Article XI-G bonds and, therefore, $2 million for the Urban Center should be removed from the proposed level of bonds. The revised amount of projects in Article XI-G would total $10 million.

The more critical issue for the Board, Mr. Anslow noted, is the Article XI-F(1) bonds, which require institutional-generated revenue to support them. The cycle begins with the capital master planning process which identifies campus needs in a longer-term context, and then these needs are considered within a six-year cycle of projected construction activities. The Board, in September, submitted a biennial budget to the Governor who, in turn, has made some budget
recommendations. The projects are identified, and debt service would be authorized in each biennium. The current docket item seeks Board approval of specific bond sales for specific issues. Mr. Anslow reported that, after staff review, the gross revenues available for debt service requirements appear to be adequate.

Mr. Anslow continued by explaining the available revenues for the projects. He indicated that some of the projects meet the guiding principle of trying to increase System access. “Other projects deal with housing and issues relative to repairs. It has been the traditional pattern to use 30-year-term bonds. I’ve asked the campus business officers to look at this issue, and we may change how we do business in the future. We are trying to have a reasonable relationship between the repair work that with the life cycle of the building is being done and the term of the bond. I think it is going to take a cycle or two to get it in line.”

Dr. Aschkenasy called the Board’s attention to the fact that it was being asked to vote on items that are interlocking. “The resolution does not just ask us to approve capital requests. We are asked to ‘find’ that the projects for which these bonds are proposed meet self-liquidating and self-supporting requirements of the appropriate laws. This implies that we know that the fees that are going to be required to pay off these bonds, which we haven’t even discussed, are going to be adequate to pay off the bonds. This implies, further, that we believe we can charge people for seismic upgrades 20 years from now that will have been obsolete for 10 years, but the bonds are still running. I have some real concerns about this, not that I doubt the integrity of any of the people proposing this. So we may have to let this go this time because otherwise the bonds can’t be sold in a timely fashion. Mr. Anslow assures me that, in the future, we will separate those items that have far less anticipated lifetimes than 30 years from the ones like buildings which quite reasonably extend over 30 years. But I just wanted to point out that is what you are voting on.”

Ms. Wustenberg reminded the Board of its commitment not to increase expenses to students any more than is necessary. “However, what we’re saying is that, in order to meet some of this indebtedness, we would have to pass some of this cost to students in terms of student fees and residence rent.”

Mr. Anslow indicated that, in all likelihood, some residence hall rents would experience some level of increase. “Eventually they would start
to decline. Our difficulty right now is that many of these residence halls are in the 25- to 35-year-old class. And many of them are at a point where students don't necessarily want to live in them. To keep them useful, we have to put some investment into them now. Students tend to be willing to pay for the kinds of accommodations with which they are comfortable."

Mr. Swanson asked if the Urban Center at PSU was to be the center for Public Affairs. Mr. Anslow indicated this was a several phase project and most of the $2 million is for planning for the facility, and not necessarily the facilities themselves. Associate Vice Chancellor Foute indicated that Urban Center, Phase I money is for the planning originally approved by the legislature for this biennium.

Mr. Pernsteiner, PSU Vice President for Finance and Administration, indicated that the current design is to house the entire College of Urban and Public Affairs and five distance education classrooms. "The $2 million would have been for the current design for two buildings on the plaza — the larger building that would house primarily the College of Urban and Public Affairs and the small building which will house the distance education classrooms, the transit information center, and retail space. The smaller building would have been built first and the $2 million, if it had been raised, would have been used for that smaller building in addition to some additional money from the federal government. We needed to have $2 million in matching funds. Right now we have $600,000 and we think that we will have more than $2 million before the end of June. It is a question of timing, and we didn't quite make it for this bond sale."

In response to Mr. Swanson's question of whether the project was being dropped, Mr. Pernsteiner indicated that this would be discussed in the legislative session along with all other capital projects for the State System. "If they reauthorize bonds for this project for 1997-1999, we will sell at the next sale. In fact, this does not really delay us if there is another bond sale in the fall."

Mr. Wykoff asked how much the dormitory costs would "spike, as Mr. Anslow indicated they might." Mr. Anslow replied that the rate of increase would be approximately $20 per bed beyond normal inflation. Mr. Wykoff observed that we should not confuse "willingness to pay for things (like parking) with the fact that students do not have a choice if they come to school. It's a matter of paying what you have to pay."
Ms. Christopher thanked Mr. Anslow for his carefully prepared overview, indicating that it had been most useful.

Mr. Swanson moved and Mr. Willis seconded the motion to approve the revised resolution. Those voting in favor: Directors Christopher, Imeson, Swanson, Whittaker, Willis, Wustenberg, Wykoff, and Aschenkenu. Those voting no: none.

Appointent to the Board

Staff Report to the Board

ORS 526.225 specifies that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of 15 members, nine of whom are to be individuals engaged, actively and principally, in timber management of forest lands, harvesting, or processing of forest products; three individuals who are the heads of state and federal public forestry agencies; and three individuals from the public-at-large. Although the statute does not prescribe the terms of the Committee members, the practice has been to make appointments for a period of three years. Traditionally, those who are performing actively and effectively have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

Dr. George W. Brown, director of the Forest Research Laboratory, with the concurrence of President Paul Risser, has made the following recommendation:

- Reappointment of Richard Baldwin, president and CEO of The Springfield Group, an industry representative;

- Reappointment of Barbara Craig, of the law firm Stoel Rives Boley Jones & Gray, in Portland, Oregon, a public representative;

- Reappointment of Dan Dutton, president and CEO of Stimson Lumber Company in Portland, Oregon, an industry representative; and

- Reappointment of Howard Sohn, president of Sun Studs, Inc., and Lone Rock Timber Company in Roseburg, Oregon, an industry representative.

The reappointments will be for three-year terms.
Staff Recommendation to the Board

Staff recommended the Board approve the above reappointments to the Forest Research Laboratory Advisory Committee.

Board Discussion and Action

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


This study sought to identify the longer-term consequences on employment of completing an advanced degree at the University of Oregon (UO), Oregon State University (OSU), and Portland State University (PSU). These institutions awarded the majority (89 percent) of master's, professional, and doctoral degrees in OSSHE (1995-96). The Chancellor's Office contracted with UO Oregon Survey Research Lab (OSRL) to conduct telephone interviews of advanced degree recipients who completed degrees between 1986 and 1991. Slightly more than 1,200 interviews were completed in November 1996. The broad goals of this survey were to obtain valid and reliable information from UO, OSU, and PSU graduate degree recipients regarding their assessment of the value and quality of the education received. Specifically, the State System wanted to learn more about the employment and socioeconomic achievement of graduates, their student experiences, and their satisfaction with the education received. These studies are part of the OSSHE's assessment and accountability program. The Chancellor's Office provided special project funds to support these assessment efforts. (The full report is in the supplementary section of the Board's docket.)

Employment and Socioeconomic Achievement of OSSHE Graduates

Ninety-three percent of those who completed a graduate or professional degree five to ten years ago are employed. Only one percent say they are unemployed and looking for work.

- Ninety-seven percent are employed in the managerial and professional specialty occupations, such as executives, managers, engineers, architects, computer
scientists, nurses, teachers, lawyers, professors, musicians, and social workers. These are occupations in which tremendous growth is projected for the next decade as the workforce aligns with the information age economy.

- Employment varies somewhat by major, with slightly higher employment for graduates in engineering (96 percent), business (96 percent), education (94 percent), and math and sciences (94 percent).

Type of Company

- The respondents are employed in all sectors of the economy including government (24 percent), public schools (33 percent), private companies (23 percent), nonprofit organizations (10 percent), and self-employed (10 percent). Eight of 10 respondents who work for a private company hold master’s degrees (compared to 13 percent with doctorates).

- The majority employed in private businesses majored in one of three areas — business (23 percent), math, computer science, and physical science (21 percent), and engineering (12 percent.) For all majors, there appear to be some opportunities in each of these sectors.

Location

- Sixty-one percent of the respondents are employed in Oregon and only 20 percent left the west coast to take employment.

- Among those who work in Oregon, 42 percent are employed in the Portland tri-county area.

- Graduates tend to be employed near their alma mater — 74 percent of those with PSU degrees work in the Portland tri-county area, 58 percent of those with UO degrees work in Lane County, and 30 percent of those who received degrees from OSU work in Benton County.
• For respondents employed in Oregon, the Portland area is the destination for advanced degree completers in business (64 percent) and engineering (55 percent).

**Income**

• Median personal income in 1995 for graduate degree recipients was between $40,000 and $49,999.

• Twenty-seven percent of the respondents earned more than $50,000 and nine percent earned more than $70,000 per year.

**Workplace Preparation Experiences**

Graduate and professional students gain experience using their content knowledge and skills in a work environment in several ways. These include completing an internship (or practicum) in an off-campus site relevant to one’s specialization, working with a faculty member on a research or policy analysis project, or serving as a teaching or a research assistant.

• Sixty-five percent say they completed an internship, 46 percent say they worked as a research or teaching assistant, and 50 percent indicate they worked on a research or policy-related project with a faculty member.

• OSU graduates are more likely to say they worked on a research project (63 percent compared to 54 percent at UO and 33 percent at PSU).

• Those most likely to have worked as a teaching or research assistant obtained doctorates (76 percent compared to 67 percent of those who obtained professional degrees and 44 percent of those who obtained master’s degrees).

• One-fifth of those employed in U.S. indicate they use a language other than English on the job.
• Of those, 60 percent speak Spanish, 22 percent use another European language, and 9 percent use an Asian language.
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- Only one percent of the graduates from these institutions majored in a foreign language.

- The majority of those who use a language other than English in the workplace are employed in four industries — education (61 percent), professional services (8 percent), health services (6 percent), and public administration (6 percent).

Satisfaction and Rating of Education Received

Based on their experiences since graduation, 24 percent of those who obtained advanced degrees rate the education they received as “excellent,” 55 percent “very good,” 18 percent “good,” 3 percent “fair,” and 0.3 percent “poor.” When asked if they had to do it all over again, would they go into the same program, 83 percent said “yes.”

Ninety-four percent of the respondents say they are satisfied with the education they received.

- There are no significant differences in satisfaction among graduates of UO, OSU, and PSU.

- Those who said professors did a good job integrating research findings into classroom materials were more likely to be satisfied.

- Those who had been involved in a research project or policy-related project with a faculty member were also more satisfied.

Advice Offered to Improve Graduate Programs

When asked an open-ended question about what advice they would offer to improve the graduate degree programs they were in, 23 percent mentioned things concerning academics (such as class size, availability, selection, quality and content, and program requirements); 18 percent mentioned the value of practical, hands-on experience; 17 percent had suggestions for teaching; and 9 percent voiced concerns about OSSHE’s poor state support.
Summary

The growing importance of knowledge-based industries in the global economy increases their reliance on the availability of well-educated persons. The results of this study confirm that high-quality graduate and professional programs provide a stream of highly educated workers available for Oregon's managerial and professional jobs in the workforce in support of the state's economy.

Board Discussion

Dr. Nancy Goldschmidt reviewed the findings of the report. Mr. Imeson asked why so many engineers elect to leave the state. Dr. Goldschmidt responded that this survey did not reveal that information. Some possibilities could be that the need in Oregon during the time of the study may not have been as great as it is now. In a study done by OSU, she noted that, when asked why they left the state, respondents indicated that wages for similar work were much higher in other states than in Oregon.

Dr. Aschkenasy expressed his surprise that more graduates were not employed in the private sector. Dr. Goldschmidt suggested that one reason might be the changing nature of the workforce. She noted that government and education have had longstanding requirements for advanced education, and perhaps that is a more recent development in private firms. Dr. Aschkenasy asked for the ratio for graduates with a bachelor's degree. Dr. Goldschmidt responded that she would provide that information.

(No Board action required)

Staff Report to the Board

The OSSHE financial statements for the fiscal year ending June 30, 1996, have been audited by a private audit firm, Deloitte & Touche, LLP, Independent Public Accountants. The use of Deloitte & Touche was authorized and monitored by the State of Oregon Division of Audits. The auditors have concluded that the financial statements present fairly, in all material respects, the financial position of OSSHE, and they have issued an unqualified opinion. Copies of the financial statements have been previously mailed to Board members.
In addition, Deloitte & Touche will provide to Board members a management letter that includes comments and recommendations for improvement in internal controls. Responses to the internal control recommendations from OSSHE institutions and the Chancellor’s Office are included in the management letter.

**Board Discussion**

Mr. Tom Ihlan from Deloitte & Touche summarized the audit for the Board. He indicated that no condition was identified that was considered a material weakness in the internal accounting control, and no restrictions had been placed on the scope of the audit.

(No Board action required)

**SEMI-ANNUAL AUDIT REPORT**

The Internal Audit Division's (IAD) *Semi-Annual Audit Report*, included in the supplemental materials, summarizes internal audit activity for the six-month period July 1996 through December 1996. A brief description is provided for each project conducted during this six-month period, as well as a status report on the 1996-97 Internal Audit Plan. This report is submitted to the members of the Board, Chancellor, and to the State of Oregon Department of Administrative Services.

**Board Discussion**

Vice Chancellor Anslow noted that the audit report has concentrated on risk assessment and also offers institutional consulting services and risk control training. He stated that the highest current risk focuses on the change in operating environments as a result of SB 271 — distributed financial systems and expanded institutional responsibility. Mr. Anslow indicated that, under the new environment and operating procedures, it is important to have adequate internal controls.

Mr. Imeson asked why, according to Appendix A, under procurement policies and procedures arising through SB 271, all but the Chancellor’s Office are completed. Mr. Wigle responded that there had been some procedural changes within the Chancellor’s Office and wanted to wait until those “settled out” before addressing this. Mr.
Imeson asked if that meant the Chancellor's Office was exempt. Mr. Wigle responded no, the Chancellor's Office is not exempt.

(No Board action required)

Staff Report to the Board

The second quarter investment report of the Pooled Endowment Fund of the Oregon State System of Higher Education for the period October 1, 1996, through December 31, 1996, prepared by R. V. Kuhns and Associates, investment consultants, is included in the supplemental materials.

Board Discussion

Mr. Terry Clifford from R.V. Kuhns and Associates summarized the report to the Board. He indicated that the capital markets have been extremely strong over the last several years. Under the section marked "performance" in the full report (on file in the Board's office), Mr. Clifford reviewed the asset allocation — how funds are allocated among different investment classes for the endowment. He stated that all of the assets are invested in the Common Fund investment options, and about nine percent of the assets are in options for which the Common Fund does not have a timely market-value reporting process. Consequently, they are reported as not having a change in market value, even though in fact there may have been a change.

Mr. Willis asked if the allocation mix was defined by the State Treasurer or if the Board has statutory authority. Mr. Clifford responded that the Oregon Investment Council (OIC) oversees the asset allocation, but with the endowment fund, the Board determines the types of mix of equity investment. "We've been asked to look at the asset allocation of this fund," explained Mr. Clifford. "Asset allocation is a systematic process of arriving at a good mix of stocks, bonds, and other assets for optimal return versus risk. You're at 60/40, which is conventional. We looked at how you might take control over some of the alternative assets (small cap stocks and international stocks) and perhaps increase those ratios from what the Common Fund is using." Mr. Clifford indicated that the report has been drafted and reviewed by Mr. Mike Green and staff, and now will be reviewed by OIC.
Mr. Willis asked if the Common Fund was known for delays. Mr. Clifford responded affirmatively. "The reason they don’t have values is that these are nontraditional asset classes. They’re not marked to the market on a daily basis, as is the stock market or the bond market. They are really long-term holdings and expected to have long-term benefits for your fund. The difficulty is strictly valuation — how do they determine value? They are notoriously slow. The Common Fund isn’t the only one that has trouble with venture capital. The processes they go through vary, but what they don’t want to do is give bad information." Dr. Aschkenasy responded that Mr. Clifford might suggest to the Common Fund that "no valuation is a bad valuation."

Chancellor Cox pointed out that this does not represent the total endowment. "This is the part of the endowment that is centrally managed by the System. All the institutions have foundations as well with their own endowments."

Dr. Aschkenasy asked for clarification about the role of R.V. Kuhns. Mr. Clifford responded that the Board hired the Common Fund and then hired R.V. Kuhns to evaluate the Common Fund results.

(No Board action required)

Staff Report to the Board

Actual headcount enrollment at OSSHE institutions has increased for the second consecutive year. The fall 1996 base enrollment reached 58,772, a gain of over 400 students from the previous fall, with resident undergraduate enrollment increasing by over 400 students as well. The increasing value that Oregonians are placing on higher education is reflected in the growth of both undergraduate and graduate resident students over fall 1995. Increases in undergraduate residents can be attributed, at least in part, to the beginning of an anticipated longer-term trend of growing numbers of high school graduates in Oregon.

Tables A and B provide the 1996-97 enrollment statistics.
Table A. Summary of OSSHE Headcount Enrollment 1996-97

<table>
<thead>
<tr>
<th></th>
<th>Fall 1996</th>
<th>Fall 1995</th>
<th>Fall 1996 vs Fall 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>38,704</td>
<td>38,303</td>
<td>401</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>8,953</td>
<td>9,136</td>
<td>(183)</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>8,947</td>
<td>8,767</td>
<td>180</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>1,596</td>
<td>1,613</td>
<td>(17)</td>
</tr>
<tr>
<td>Law Resident</td>
<td>227</td>
<td>228</td>
<td>(1)</td>
</tr>
<tr>
<td>Law Nonresident</td>
<td>272</td>
<td>248</td>
<td>24</td>
</tr>
<tr>
<td>Vet Medicine</td>
<td>73</td>
<td>70</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>58,772</strong></td>
<td><strong>58,365</strong></td>
<td><strong>407</strong></td>
</tr>
</tbody>
</table>

UO, PSU, WOSC, SOSC, and EOSC exceeded their 1995-96 headcount enrollments with increases ranging from 0.8 percent to 4.3 percent. OSU and OIT fell somewhat below the previous year's figures.

Table B. Summary of Institution Headcount Enrollment Changes 1996-97

<table>
<thead>
<tr>
<th></th>
<th>Fall 1996</th>
<th>Fall 1995</th>
<th>Fall 1996 vs Fall 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>17,269</td>
<td>17,139</td>
<td>130</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>13,784</td>
<td>14,161</td>
<td>-377</td>
</tr>
<tr>
<td>Portland State University</td>
<td>14,768</td>
<td>14,348</td>
<td>420</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>4,025</td>
<td>3,908</td>
<td>117</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>4,723</td>
<td>4,529</td>
<td>194</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>1,875</td>
<td>1,847</td>
<td>28</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>2,328</td>
<td>2,433</td>
<td>-105</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>58,772</strong></td>
<td><strong>58,365</strong></td>
<td><strong>407</strong></td>
</tr>
</tbody>
</table>
In 1995, pursuant to the passage of the Higher Education Administrative Efficiency Act (AEA), OSSHE committed to teaching additional undergraduate resident students without additional state funds. Savings stemming from the administrative efficiencies implemented and improved learning productivity have allowed campuses to teach additional residents without increased state funds and without compromising educational quality. Since fall 1994, OSSHE has increased its base headcount of undergraduate resident students by over 700, and implementation of the AEA is not yet complete.

The number of resident first-time freshmen in fall 1996 increased 1.3 percent over fall 1995, with increases reported at five campuses. There was an overall decline in non-resident first-time freshmen. Fall 1996 marked the third consecutive year of increase in the number of Oregon first-time freshmen and the highest freshman participation rate since 1990 (i.e., ratio of first-time freshmen from Oregon high schools compared to Oregon high school graduates of the previous school year). The consistent growth in numbers of high school graduates, coupled with the increasing need for higher education’s services, indicate that a higher enrollment demand exists than in the recent past. A 1996 survey of Oregon’s 1995 high school graduates indicated that one reason respondents who chose an OSSHE institution did so because of the affordable cost of attending a State System institution. However, other survey respondents who chose to attend an Oregon community college cited OSSHE’s current pricing structure as a primary reason for not attending an OSSHE school. Over half of those respondents attending an Oregon community college said they plan to transfer to an OSSHE school later.

Table C. First-Time Freshman Enrollment Fall 1996

<table>
<thead>
<tr>
<th></th>
<th>Fall 1996</th>
<th>Fall 1995</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident</td>
<td>5,940</td>
<td>5,863</td>
<td>77</td>
<td>1.3</td>
</tr>
<tr>
<td>Nonresident</td>
<td>1,826</td>
<td>1,861</td>
<td>-35</td>
<td>-1.9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,766</td>
<td>7,724</td>
<td>42</td>
<td>0.5</td>
</tr>
</tbody>
</table>

In order to keep pace with the increasing demands for public higher education, attract both Oregonians and students from other states, and retain enrolled students to graduation, the faculty and administration at all campuses are working to enhance recruitment and retention
efforts. There is an annual cycle of statewide visitation, and all public and private high schools in Oregon are invited to participate. Most recent recruitment efforts include faculty participation in recruitment of new students; partnerships with area high schools and community colleges; statewide conferences at which OSSHE staff and representatives from the institutions actively recruit students of color; OSSHE’s Viewbook on the Worldwide Web; Home Pages on the Worldwide Web for each of the institutions; and the development of interactive compact disks sent to potential students allowing an overview of campus programs and services.

Meaningful activities and positive experiences in the first year of college are extremely important determinants of a student’s persistence to a second year. Campuses have redesigned freshman curricula to make the experience more satisfying for students and increase their staying power. These efforts include more frequent contact with faculty about intellectual matters both in and outside the classroom; some smaller class sections in the freshman year; increased opportunities for students to actively learn in group settings; and encouraging first-year students to prepare and present independent research papers and similar exercises. Specific campus curricular improvements include PSU’s Freshman Inquiry, UO’s Freshman Interest Groups and Freshman Seminars, WOSC’s Freshman Experience, and OSU’s Baccalaureate Core. SOSC has implemented a new Freshman Colloquium and reorganized academic advising, career placement, tutoring, and personal counseling in a convenient one-stop center to serve students better. These efforts are designed to increase student success.

The number of students transferring from Oregon community colleges to OSSHE institutions has also been rebounding in recent years. Following the implementation of Measure 5 and the ensuing tuition increases, transfers to State System institutions from community colleges plummeted by nearly 30 percent. Since that time, however, community college transfers have steadily increased and are now back to pre-Measure 5 levels.
Graduate enrollment increased in 1996, gaining 1.5 percent over fall 1995. While the number of graduate nonresidents dropped slightly, graduate resident enrollment increased 2.0 percent. Law school enrollment increased 4.8 percent in 1996.

While fall term enrollment is the State System's benchmark, during the past academic year OSSHE campuses actually served about 200,000 students. The academic year unduplicated headcount number from summer 1995 through spring 1996 for all students enrolled in credit courses was 96,305. Enrollment in regular campus courses (base enrollment) totaled 68,310, and students enrolled only in self-supporting courses (extended enrollment) totaled 27,995. It should be noted that many citizens in both the Portland metropolitan area and Eastern Oregon are being served through extended education. Extended education enrollment comprises approximately 46 percent of total academic year headcount enrollment at both PSU and EOSC. Additionally, OSSHE served an estimated 100,000 students in noncredit courses. Noncredit courses include offerings aimed at upgrading skills and maintaining licensure, programs serving youths and seniors, professional development activities, and community education and personal development courses.
Finally, Table D displays the estimated actual three-term FTE numbers for 1996-97 by institution as compared to the actual three-term FTE in 1995-96. Systemwide, such numbers are expected to increase by 1.4 percent over last year's actual levels. Despite the lower-than-projected headcount and three-term FTE enrollments for 1996-97, preliminary estimates for fall 1997 show an anticipated increase in total FTE enrollment at all OSSHE institutions.

### Table D. 3-Term FTE Enrollment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>14,612</td>
<td>14,502</td>
<td>110</td>
<td>15,100</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>11,812</td>
<td>11,974</td>
<td>-162</td>
<td>12,702</td>
</tr>
<tr>
<td>Portland State University</td>
<td>9,458</td>
<td>8,917</td>
<td>541</td>
<td>8,815</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>3,357</td>
<td>3,348</td>
<td>9</td>
<td>3,284</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>3,662**</td>
<td>3,532</td>
<td>130</td>
<td>3,729**</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>1,560**</td>
<td>1,539</td>
<td>21</td>
<td>1,622**</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>1,706**</td>
<td>1,728</td>
<td>-22</td>
<td>2,070**</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>46,167</strong></td>
<td><strong>45,540</strong></td>
<td><strong>627</strong></td>
<td><strong>47,322</strong></td>
</tr>
</tbody>
</table>

* Note: Figures represent mid-point of the Enrollment Corridor.

** Note: The targeted three-term FTE and estimated actual three-term FTE numbers for SOSC, EOSC, and OIT do not include the portion of FTE on contract with OHSU for nursing classes for OSSHE student. Such FTE are reported at OHSU.

Overall, OSSHE is expected to achieve 98 percent of its targeted FTE enrollment for 1996-97, with all campuses except PSU falling slightly short of their individual targets. PSU is expected to exceed its FTE enrollment target by 643.

### Board Discussion

Vice Chancellor Anslow reviewed the highlights of the enrollment report. Mr. Willis asked if there is concern about the enrollment declines at OSU and OIT. Mr. Anslow responded positively, and indicated that both institutions are sensitive to this and have been taking steps to address the problems. President Wolf indicated that perhaps the decline is a result of a stronger economy -- more people working...
and postponing college or attending part time. Nevertheless, he reported that faculty are working hard to improve student retention. Provost Arnold explained that OSU has targeted three areas: one, admission; two, retention; and three, marketing. He added that faculty are also heavily engaged in these activities.

Mr. Willis asked if the expectation of a tuition freeze might result in increased enrollments. Mr. Anslow responded that we may expect a spike up in enrollment. However, he cautioned that Dr. Wolf's statement may be correct. If students have employment opportunities, they may elect to attend college part time. Therefore, it's important to stay flexible.

Ms. Christopher asked about the OIT Metro Center enrollment. President Wolf responded that enrollment is down, which he attributes to the decision to not convert programs offered there to degree-completion programs. However, after doing so at the CAPITAL Center, they are now repackaging programs at the Metro Center to be degree-completion programs by fall.

Mr. Swanson asked Provost Arnold what the peak enrollment was at OSU. Dr. Arnold responded that the high point was in the early '80s at approximately 17,600. Mr. Swanson asked if OSU continues to have capacity to handle more students. Dr. Arnold replied yes, and that the focused marketing is particularly targeting those programs that do have more capacity. He added that he is confident OSU could handle 16,000 headcount students.

Dr. Cox asked what percentage of OSU's enrollment was in engineering, computer science, or a related field. Dr. Arnold responded approximately one-quarter.

Dr. Aschkenasy asked if the institutions were working with industry to make sure that programs were being offered that led to employment opportunities. Dr. Wolf responded that they are, but he believes the real opportunity is expanded use of the co-op education. "What that does it put the educational institution and the employer on the same side. The problem is, that's going to take a little longer to implement," said Dr. Wolf. Dr. Arnold added that the numbers don't always reflect what's actually occurring. For example, regarding MECOP, students who are cut in the summer and fall terms because they're involved in internships do not show up in the enrollment reports (i.e., they are not
enrolled and generating student credit hours), even though they are still OSU students.

Mr. Swanson asked if OIT had a long-range plan for projected numbers of students at the CAPITAL Center and OIT Metro Center in degree programs. Mr. Wolf responded that he would like to have 1,000 students at both centers. He reported that currently they are at 200 to 300 students. Mr. Swanson asked about the time period for that 1,000 goal. Mr. Wolf responded that no timeframe had been established but that it should be. Chancellor Cox indicated that the CAPITAL Center has been growing, with the school district poised to build the first of the experimental high school classroom facilities there. He added that OIT has been a big part of the success of the CAPITAL Center.

(No Board action required)

OPTIONAL RETIREMENT PROGRAM

Staff Report to the Board

The 1995 Oregon Legislature authorized the Board to offer a defined contribution plan as an alternative to the Public Employes Retirement System. In February 1996, the Board approved implementation of an Optional Retirement Plan. At the April 1996 meeting, the Board approved the Optional Retirement Plan Document and delegated authority to the Vice Chancellor for Finance and Administration to make any changes necessary to implement the Plan in a timely manner. At the May 1996 Board meeting, staff reported changes to the Plan up to that time.

In the intervening months, staff and the Department of Justice have negotiated contracts with four fund sponsors and have submitted the Plan to the Internal Revenue Service for approval. As a result, further changes were required to the Plan. An additional modification is required in response to a tax code revision.

The modifications create additional definitions, clarify that separate accounts will be created for participant contributions and post- and pre-tax transfer amounts, add a section regarding qualified military service, adjust eligibility for benefits consistent with annuity insurance laws, and clarify provisions regarding participant loans and loan
repayment. The Internal Revenue Service has indicated that, with these changes, it approves the Plan. The Plan is now consistent with current law and contracts with fund sponsors.

(No Board action required)

Mr. Kerans provided the Board with a budget talking-point paper. The first page is an overview of the base budget and targeted initiatives, and the expected outcomes of those. The second page is an overview of the targeted initiatives themselves. Following that are background pages on engineering, the tuition freeze, and faculty recruitment and retention. The regional capacity issue is included in the overview of the budget and the initiatives themselves.

Mr. Kerans indicated that the first revenue estimate would be made Thursday, February 27. "That will be the second-to-last piece of information the leadership will need in order to come to closure on the leadership budget," explained Mr. Kerans. "They're going to start their work from the first of March with that information." He stated that the decision has been made to return the tax kickers and that there would be no bottle tax for salmon enhancement and parks. "They now have to make a whole series of other decisions, which they're in the process of doing (for example, continuation of the ten-cent cigarette tax). But for all the General Fund-supported agencies and activities, most if not all investment initiatives recommended by the Governor — and in some agencies, their base budgets — are at risk as a result of those initial decisions." Mr. Kerans noted that higher education is a "little further ahead in the queue than others in that regard." It appears that the tuition freeze will be included in the recommendation of the legislature, but of course that's not known for sure because the subcommittee has not met yet and the leadership budget has not been developed.

Mr. Kerans also reported that the bill to designate the regional colleges as universities came out of the committee six to one. Representative Chuck Carpenter introduced a bill to continue the ten percent tax credit for corporations donating new and used computer and lab equipment or a donation for that purpose. Finally, Mr. Kerans discussed the issue of credit transfer.

Dr. Aschkenasy asked what would be the second thing most likely to survive after tuition freeze. Mr. Kerans responded that it's difficult to
predict because the engineering package is tied to the faculty fighting fund to retain and recruit faculty.

COMMITTEES  
Joint Boards Working Group  
Mr. Swanson reported on the last Joint Boards Working Group (JBGW) meeting. He noted that the Web page under development would feature both community college and OSSHE offerings. JBGW also heard updates about legislation that would affect the Teacher Standards and Practices Commission (TSPC). One bill would place TSPC under the auspices of the Oregon Department of Education (ODE). Another would reconstitute the membership, including adding representation from the Board of Higher Education.

Agricultural Research  
Ms. Wustenberg attended the annual meeting of the Center for Applied Agricultural Research. She reported that they dispersed $138,000 in ten projects.

ITEMS FROM BOARD MEMBERS  
Ms. Christopher welcomed Katie Van Patten to the Board. Other Board members added their congratulations and welcome.

ADJOURNMENT  
The Board meeting adjourned at 12:20 p.m.

Virginia L. Thompson  
Secretary of the Board

Herbert Aschkenasy  
President of the Board