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

May 15, 1998

ROLL CALL

APPROVAL OF MINUTES

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  Thanks to SOU
  Senator Lenn Hannon

CHANCELLOR'S REPORT
  SOU Action Plan
  Master's of Software Engineering
  Emeritus Status for EOU President Gilbert
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OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
SOUTHERN OREGON UNIVERSITY
STEVENSON UNION, ROGUE RIVER ROOMS A/D

ROLL CALL

The meeting of the State Board of Higher Education was called to order at 10:15 a.m. by Vice President Tom Imeson.

On roll call, the following answered present:

Ms. Diane Christopher        Dr. Jim Whittaker
Mr. Jim Lussier               Mr. Jim Willis
Ms. Gail McAllister          Ms. Phyllis Wustenberg
Ms. Katie Van Patten         Mr. John Wykoff
                             Mr. Tom Imeson

Dr. Aschkenasy was out of the country on business. Ms. Puentes was unable to attend due to illness.

MINUTES APPROVED

The Board dispensed with the reading of the April 16, 1998 special meeting minutes and April 17, 1998 regular meeting minutes. Ms. Wustenberg moved and Mr. Willis seconded the motion to approve the minutes as submitted. Those voting in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.

PRESIDENT’S REPORT

Thanks to SOU

Mr. Imeson thanked President Reno and his staff for both the Thursday evening reception and Friday morning presentations, which highlighted fine and performing arts at Southern.

Senator Lenn Hannon

State Senator Lenn Hannon was introduced by Mr. Imeson and offered his perspective on higher education issues. Following is an excerpt of his testimony:

"Last session I was the chairperson of the Education Subcommittee of Ways and Means. The dilemma I find myself in at the present time is one that I do not enjoy seeing in higher education. That is, instead of reducing government more, particularly in higher education at the expense of academic programs, classified employees, faculty, and students, yet saying in the same breath we have a commitment for higher education in this state. Now is the time to start approaching the legislative leadership and the Governor. The economic ending
balance in this state reflects a balance that can contribute greatly to higher education. I want you to know that as one legislator of 90 I do care and I think that it is time to stop the dam from leaking.

"I'm concerned about where we're headed with our priorities. Earlier this week, I met with faculty, classified staff, and students here on the SOU campus. I'm concerned about some of the classified jobs being eliminated and filled with student work programs. If this is the Higher Education Efficiency Act that we passed in the Legislature, maybe it is time that we review it. I think that you have to show a strong commitment to your employees in state government and demonstrate that they are no longer the 'whipping boys' for accusations of anti-government forces in this state. They are what drives economic development in the state. They are citizens of this state; they are major contributors to this state; they are the economic base of this state. So I think that it is time to quit burying our heads and saying we can cut back, we can continue to survive with less.

"The $14 million deficit at OSU, $1 million on this campus — are unacceptable. I want you to know that I'm prepared to go with each one of you as Board members to my legislative colleagues and say, 'enough is enough.' Then we can come back a year from now and say together as a family we achieved an objective that separately we will continue to see erode. The public's trust is eroding and I want to restore that trust. And the trust is if I send my son or daughter to an OUS institution, I want them to get the best education possible."

CHANCELLOR'S REPORT

Chancellor Cox conveyed his appreciation to President Reno for activities hosted by Southern on behalf of the Board. "It was a marvelous visit," he observed.

SOU Action Plan

President Reno introduced Mr. Ivan Gorne, Southern's new vice president for student affairs. He commended Senator Hannon's comments, adding that his commitment to higher education in Oregon is well known. Further, President Reno stated, "It is illustrative of the need for us to stay in close contact with one another when tough choices are being made. We just released our plan entitled Focusing Southern's Mission by Building on Strengths. It won't please everyone because we've had to make choices. We at Southern have
recognized that we cannot continue to live and do well within our current budget. We've worked with other campuses and legislative leadership to increase the overall proportion of state funding, but in the meantime, we have tough choices to make."

Chancellor Cox concurred with Dr. Reno's comments and added, "I think that I speak for the Board in saying that this is courageous action. I commend particularly Provost Hopkins-Powell. This is not the easiest or most popular work that provosts and presidents get to do. But the notion that you would single out areas that you would call hallmark areas, speaks to the kind of focus the Board has urged for all of our campuses — choosing and playing to your strengths. It doesn't mean that the remainder of the programs are not just every bit as good as you can make them, but that you have chosen some areas because that is the part of the forest where you have the opportunity to plant the most distinguished trees."

Master's of Software Engineering

Pointing out Master's of Software Engineering brochures included in Board members' packets, the Chancellor acknowledged Vice Chancellor Dryden and the engineering and computer faculty at OGI, OSU, PSU, and UO. "Those resources were released in December, pilot courses were in place spring term, and the first formal courses are being offered this summer. We are on the way," exclaimed Dr. Cox.

Emeritus Status for EOU President Gilbert

Referring to a "bittersweet" commendation, Chancellor Cox shared that the faculty at EOU recommended emeritus status be conferred on retiring President Dave Gilbert. "I am not allowed to make a motion on his behalf, but I will ask for one during the business portion of our meeting," Chancellor Cox said.

New President, OIT

"My second task is also a significant one, particularly in the life of OIT. Last month you charged a subcommittee of the Board — Diane Christopher, Jim Lussier, Phyllis Wustenberg, and me — to visit the OIT campus and meet with the various constituencies. We were to come before the full Board with a recommendation as to whether we should launch a national search for the new president or remove the interim from Dr. Dow's title. I'm pleased to be able to tell you that it is our unanimous recommendation that you launch a search for a new provost. I call your attention to a full report of our committee. We have touched many key constituencies, from the Governor's Office to
legislative leadership, to the business community statewide, to the electronics and high tech communities statewide, and all have expressed overwhelming commitment and support for Dr. Dow," Chancellor Cox attested.

Ms. Christopher reiterated Dr. Cox's remarks, adding that she is very comfortable with the recommendation. "The support is overwhelming," she said. Mr. Lussier shared that they also had the opportunity to speak with Dr. Dow about her vision for the institution. "That was as exciting as the feedback that we were getting from the constituents," he concluded.

Dr. Cox introduced EOU President Elect Phillip Creighton, who was in attendance.

IFS Report

He asked IFS President Kemble Yates for his report. Following is an excerpt:

"The IFS will meet again in June here on the campus of Southern. We have invited Dave Conley, director of the PASS Project, to share with us the current status of the PASS initiative. As I reported to you last month, we received a report on PASS from a high school teacher in Eugene at our last meeting that raised many concerns. In the interest of 'equal time,' we want to hear another perspective, and believe we shall get one from Dr. Conley.

"It was sobering last month to hear of the magnitude of OSU's current budget difficulties. Most of you know that OIT has fought through a very difficult financial picture in the last couple of years. And yesterday, Southern's final plan to deal with its budget shortfall next year was released. I remind us all of these unpleasant realities not because you are unaware of them, but because I think they represent alarm bells that we as a System continue to labor under an impossible task: we cannot deliver the quality of education we want to with the funding we are working with.

"I point this out because as we work hard to redesign our budget model and our governance structure, we must focus and prepare our case for the legislative leadership and the Governor for more funding in the coming biennium. I realize part of this case must be made by demonstrating our
willingness to prioritize and to respond to change, but we may also have to be willing to admit areas that have suffered because of the tremendous budget cuts we have undergone in the last decade.

“For instance, I think every campus is using more part-time instruction than we believe they should. This is at base level a funding issue: it costs real money to attract and retain high quality faculty. If the money isn't there but the students are, our institutions are forced to hire instructors who generally have less training in their field and — by virtue of subsistence salaries — less dedication to our overall mission. We must turn this corner. And the real work will begin this summer as we all talk to candidates, question our legislators, and do whatever it takes to get a higher education budget bill passed next year that will truly begin the comeback of the Oregon University System.”

**Summary**

In his report, Chancellor Cox noted that EOU faculty recommended emeritus status be conferred on President Gilbert, effective July 1, 1998. Following is the text of the recommendation read by the Chancellor:

“Officials of Eastern Oregon University have recommended that the status of President Emeritus of Eastern Oregon University be conferred upon Dr. David Gilbert, effective July 1, 1998. I enthusiastically endorse this recommendation.

“We will have many opportunities to express our praise and gratitude to Dave and Carolyn for the contributions they have made to the Eastern community, the System, and most importantly, to the countless students' lives they have touched, both directly and indirectly over the past four decades.

“Dave began his career in physics as a teaching and research assistant at UO from 1962-68. He moved to Eastern in 1968 as an associate faculty member, where he was promoted to department chair, then dean of academic affairs. In 1982 he was named interim president, and appointed permanent
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president in 1983. His accomplishments in bringing Eastern forward as a nationally recognized and respected institution leave a legacy of leadership and vision that will carry into the next century.

"His untiring commitment over the years has earned him many admirers, including me. His dedication to the cause of higher education makes this recommendation appropriate.

"Therefore, I recommend that the Board approve the designation of President Emeritus for Dr. David Gilbert."

Board Discussion and Action

Ms. McAllister moved and Dr. Whittaker seconded the motion to approve the Chancellor's recommendation. Those voting in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.

PERMANENT PRESIDENT OF OIT, DR. MARTHA ANNE DOW

Summary

As specifically outlined in his report, Dr. Cox recommended the Board formally remove the word "interim" from Dr. Dow's title, and appoint her permanent president, effective May 15, 1998.

Board Discussion and Action

Ms. Christopher moved and Mr. Lussier seconded the motion to approve the Chancellor's recommendation. On a roll call vote, the following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.

Mr. Imeson invited Dr. Dow to describe her vision for OIT. President Dow outlined five challenges that she posed in January 1998 to faculty and staff at the institution.

"The first challenge," Dr. Dow shared, "was to be able to implement the new initiatives and directions that we were seeing would fulfill our mission as the technology education institution in Oregon for the
region and state. We talked about priorities of our Portland initiatives, priorities in being able to deliver through alternative modalities throughout the state that would include distance delivery as well as on-site delivery.

"The second is our budget challenge and working with the State System in preparing that kind of initiative that will further higher education for all of us as well as OIT. Third, we want to be sure we are a student centered environment, working with our clients, and being sure our retention, advisement, and student success processes were firm and that we all had ownership of responsibility; also, being able to recruit and to get new enrollment. With that in mind, we have several new initiatives we want to start in the Portland area, to deliver in other places in the state: we have manufacturing in Bend to enhance opportunities there, and we have an opportunity with Boeing to bring our programs on its site.

"Fourth, we need to re-involve our community constituents, industry partners, and all of our potential partnerships with sister institutions. Another challenge we accepted, and feel good about, is our partnerships with the Klamath Community College, Clackamas Community College partnership at our Metro site, and others.

"The last challenge for us, as an institution, is to really know we are the starship institution in terms of delivering technology education," Dr. Dow concluded.

**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 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. On April 21, President Clinton announced his intention to attend the Portland State University commencement. In recognition of the great honor to PSU,
QUS, and Oregon, staff requested the Board's approval to award an honorary doctorate to U.S. President William Jefferson Clinton at PSU's June 1998 commencement.

William Jefferson Clinton

Deeply inspired by such key American figures as John F. Kennedy and Dr. Martin Luther King, Jr., Bill Clinton has dedicated his adult professional life to contributing to improving the lives of the American people. He earned a B.S. in International Affairs from Georgetown University, won a Rhodes Scholarship to study government at Oxford, and graduated from Yale Law School. After teaching law at the University of Arkansas at Fayetteville, he entered the political arena — first as Attorney General of Arkansas and then, at age 32, as governor of Arkansas, where he concentrated on improving the state's educational system and building better roads.

Education has remained one of Mr. Clinton's most important agenda items. In Arkansas, he raised teachers' salaries and began a program of testing students after third, sixth, and eighth grades. Access to quality education was a key focus, and he also encouraged parental participation in their child's education. As chair of the National Governors' Association ('86-'87), he led efforts to reform welfare and educational systems of other states as well.

As President of the United States, we continue to witness his strides in making quality education accessible for all Americans. His active role in tax initiatives, scholarship proposals, and such programs as AmeriCorps positively affect people's educational opportunities across the country.

Staff Recommendation to the Board

Staff recommended that the Board authorize Portland State University to award an honorary doctorate to President William Jefferson Clinton at its June 1998 commencement.

Board Discussion and Action

Ms. Christopher moved and Mr. Willis seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.
FOOD INDUSTRY LEADERSHIP CENTER, PSU

Introduction

Portland State University (PSU) sought authorization to establish the Food Industry Leadership Center. Created in 1994, the Food Industry Management (FIM) program, which is housed in the School of Business Administration, has become so successful that PSU believes the time is right to more formally acknowledge the efforts of its participants by making it a center. (Since its inception, more than 150 companies have taken part in FIM's programs.) The FIM endowment is more than sufficient to cover the proposed center's annual operating costs, including faculty development and seed money for research; therefore, there are no resource implications for PSU.

Evidence of Need

The food industry is currently undergoing massive structural change in how it provides value to the customer. Professionally trained leaders and managers are imperative if companies are to succeed in the competitive food industry environment. Important issues confronting managers and leaders in the industry include the use of new technology and its impact on competition; mergers and acquisitions; better understanding of consumer trends; workforce diversity; improved supply-chain management; and electronic commerce.

The Food Industry Management program has been helping managers confront these issues for four years. FIM guides and educates food industry executives and middle managers who are grappling with complex managerial and technological challenges, many for the first time. FIM features everything from executive development and in-depth conferences to faculty research and student internships with food companies. A proposal to add a certificate in food industry management to the School of Business Administration curriculum is currently undergoing campus review.

Program Description

The program is guided by an executive committee of industry executives. A 30-person industry advisory board, and faculty and industry executives, have developed a strategic plan for the program. FIM has served as a model program for the University, highlighting an
effective higher education/industry partnership, a key component of PSU's overall goals and mission. The eight objectives of FIM are to:

- provide talented and educated personnel;
- provide relevant research;
- increase program visibility;
- increase industry participation;
- provide adequate financial resources;
- provide adequate non-financial resources;
- provide opportunities for faculty development; and
- contribute to building the core strengths of the School of Business Administration.

The goals and objectives of FIM also support the strategies identified by the Regional Strategies Program through the Oregon Economic Development Department. Governor Kitzhaber has placed an emphasis on working with the food processing industry in Oregon and supports and encourages higher education/industry partnerships.

New opportunities to respond to industry needs keep arising, and FIM continues to develop partnerships and resources that meet those needs. Being the only university in the Northwest to focus on food management issues, FIM is positioned to take the lead in the development of innovative leadership practices, research, student internships, and executive development opportunities for the food industry. Some examples of such program activity follow.

"Today's Managers: Tomorrow's Leaders" Executive Program. This one-week residential program for high-potential mid-managers from across the industry, offered in partnership with the Food Marketing Institute, provides an in-depth look at current and emerging successful business practices in the industry. More than 85 high-level food executives moving into leadership positions have been served over the past four years.

Annual Fall Conference. This conference provides a forum for presenting and discussing current issues, trends, and challenges, and has served over 350 food executives in the past three years.

Industry Executive Forums. Forums for senior-level food executives are held to discuss significant issues facing the food industry. Past speakers include: David Jenkins, former CEO of Shaws Supermarkets; Gary Michael, CEO, Albertson's; and Al Carey, COO of Frito Lay.
Seminars. One- and two-day seminars on numerous topics identified by the food industry are presented at PSU and at various locations around the country.

Customized Programs. FIM can deliver any of its programs on-site for area companies or can develop customized programs specifically for an individual company or consortium of companies.

Internships. Some of the student internships have included:
- Information Systems Assistant, Coca-Cola Bottling Company of Oregon;
- Merchandising and Buying, Fred Meyer, Inc.;
- Marketing Field Representative, Pacific Sun Industries, Inc.; and
- Marketing Analyst, IVC Industries, Inc.

Partnerships/Relationships

A strong relationship exists with OSU’s Food Science and Technology Department and the developing Food Innovation Center sponsored by OSU and the Oregon Department of Agriculture. A joint one-day seminar is being offered on May 12 entitled "Strategies for Successful New Product Innovations." In addition, OSU faculty participate in FIM’s executive program in team presentations with PSU faculty.

FIM also continues to work with community colleges throughout the state as they assist entry-level food technical employees in gaining basic skills and line supervisory training. Solid partnerships are in place, and growing, with important trade associations in the food industry including the Northwest Food Processors Association (NWFPA), Food Marketing Institute, and National Grocers Association. One example of the work of these partnerships is the joint seminars (FIM and NWFPA) on team building, project planning, and recruitment and retention of employees offered over the past three years. These two groups also cross-market programs and work in concert with one other when developing educational opportunities for the food processing industry.

Resources

The FIM program has already raised close to $3 million to fund its efforts. These resources support its operating budget, including a full-time staff of two; provide seed money for faculty research and
development; and have created an endowment that will reach about $2 million when the pledges are paid off in several years.

The core budget also supports some faculty research, travel, and development. Current involvement of faculty in the program is funded through School of Business Administration academic FTE as part of the regular teaching load or overload. A modest endowed professorship subsidizes the lead faculty member. A fund-raising strategy is moving forward to secure an additional $2.5 million for an endowed professorship, with the goal of hiring a tenure track faculty member with food industry background.

Space has been reserved in the School of Business Administration for center operations, and equipment and furniture is already available in that space. No additional funds are needed for development of the center.

Staff Recommendation to the Board

Staff recommended the Board authorize PSU to establish the Food Industry Leadership Center.

Board Discussion and Action

PSU President Bernstine briefly described how the program epitomizes PSU: that of collaboration and being responsive to community needs. Mr. Imeson offered his support, noting that on one of his first visits to PSU as a Board member, the program was the focus of a great deal of discussion. "It has had tremendous success and continues to gather support from the business community," he observed.

Mr. Lussier moved and Ms. Wustenberg seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.

As a postscript, Chancellor Cox said that System institutions are moving very aggressively in support of this type of industry. "PSU has taken a significant step forward with respect to the Food Industry Leadership Center At the same time, OSU is in partnership with the Oregon State Department of Agriculture and involved in the
construction of the Food Innovation Center, which is more focused on marketing and packaging, attempting to have value added to Oregon’s exports. This is a fairly dramatic move on the part of two of our institutions to better serve those industries," he remarked.

INCIDENTAL FEE GUIDELINES, PSU

Staff Report to the Board

As required by Board Administrative Rule, Portland State University (PSU) sought Board approval to adopt new guidelines establishing the means by which student government shall determine the level and allocation of its incidental fee recommendation. The Board last approved amendments to these procedures in 1995. In addition to minor changes, PSU proposes three substantive changes: procedures to deal with expenditures in excess of budgeted amounts, requirements for notice and meeting agendas, and the addition of an initiative and referendum process. The initiative and referendum process allows the student body to vote on budget allocations. Depending on the size of the proposed allocation, the student body vote becomes either advisory or a minimum allocation. One of the minor changes identifies Student Fee Committee members as liaisons to funded groups and identifies their responsibilities as such. The administration and student government representatives have worked together on these recommendations. Both President Bernstine and the Student Fee Committee have approved the new guidelines. Chancellor’s Office staff have reviewed the guidelines to ensure they are consistent with statutory and Board requirements.

Staff Recommendation to the Board

Staff recommended the Board approve the Incidental Fee Guidelines proposed by Portland State University, included within the supplemental materials (on file in the Board’s office).

Board Discussion and Action

Following a synopsis by Director of Legal Services Melinda Grier, Ms. Wustenberg questioned the statement in the document about procedures addressing excess expenditures. Ms. Grier responded that if there is an overexpenditure in a given year, it will be reflected as a reduction in that organization’s budget in the succeeding year.

Dr. Whittaker moved and Ms. McAllister seconded the motion to approve the recommendation as submitted. The following voted in
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Summary

The University of Oregon sought Board approval for a $600,000 capital project, entirely gift-funded, to be built at the Oregon Institute of Marine Biology (OIMB) in Charleston, near Coos Bay. The project would remodel an existing small administrative building and build an addition to house the Loyd and Dorothy Rippey Library. If approved, the Board would authorize the Vice Chancellor for Finance and Administration to seek approval from the State Emergency Board for a $600,000 Other Funds expenditure limitation for this project.

Background

The project would remodel an existing small administrative building of 1,321 gross square feet (gsf), and build an addition for a total of 3,279 gsf. The new structure would be known as the Loyd and Dorothy Rippey Library. Accomplishing a long-standing need of OIMB, it would double the library’s collections space, including a reading room, electronic access to library materials, a reference and staff support area, and future expansion space. All funds have been raised for the project; work will begin in the summer of 1998 and be completed before the beginning of summer term 1999.

Staff Report to the Board

Offering undergraduate programs in biology and environmental science and masters and doctoral programs in biology, OIMB is the UO’s marine biology field station. Five OIMB faculty, researchers from the nearby South Slough National Estuarine Research Reserve, and other scientists from the adjacent Oregon Department of Fish and Wildlife office all participate in the active research program. Enrollment has remained fairly constant at the institute with summer term being the most popular. Summer enrollment averages nearly 100 students and attracts scientific visitors worldwide.

A library replacement project has been OIMB’s highest priority capital construction project since the mid-1980s. Originally included in the OIMB Improvements Project undertaken at that time, it was deleted due to budget limitations. A $1.5 million library project was then
approved for gift or grant funding by the 1993 Legislative Assembly, but was not built because funding was unavailable at that time.

The current Rippey Library project is based on the OIMB Facilities Plan, approved in 1995 and funded by the National Science Foundation. The document describes a number of expansion and renovation projects designed to resolve inadequacies in facilities housing the OIMB programs.

Since 1986, OIMB’s research and teaching programs have both grown in scale and use by in-house scientists and visitors. Most notably, the South Slough National Estuarine Research Reserve, the Oregon Department of Fish and Wildlife, and the International Port of Coos Bay have taken advantage of OIMB resources. There is also significant use by Southwestern Oregon Community College, local schools, and by other libraries through the inter-library loan program. Despite this, the collection size has remained static; in addition, there are essentially no reader stations in the existing facility, and access to electronic resources has been limited by the small amount of space available.

Built in 1918, the existing administrative structure does not conform to current Americans with Disabilities Act (ADA) requirements, nor does it provide adequate climate control to protect the book collection from damage. This 1,321 gsf building will be increased to 3,279 gsf (not including an unfinished attic) and linked to the adjacent existing library building. The administrative functions in the structure will be relocated to the larger building.

The new library will feature a reference and staff support area near the entrance, an area to house up to 12 computer stations, a stack area with the potential to double the current collection, and a reading room providing seating for about 16 persons. An unfinished second floor/attic, suitable for future expansion for faculty or student offices, meeting rooms, and other similar functions will be built into the new structure.

**Staff Recommendation to the Board**

Staff requested that the Board approve the University of Oregon Loyd and Dorothy Rippey Library renovation and addition project and authorize the Vice Chancellor for Finance and Administration to seek authorization from the State Emergency Board for an Other Funds
expenditure limitation of $600,000 for the project. Staff also recommended the Board authorize the Vice Chancellor for Finance and Administration to approve proceeding with project bid solicitation after Emergency Board approval is received.

Board Discussion and Action

Ms. Wustenberg moved and Mr. Wykoff seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Wustenberg, Wykoff, and Imeson. Those voting no: none.

Mr. Willis was not in the room at the time a vote was taken.

Background

PSU sought Board approval to lease vacant land on the campus to the PSU Foundation in order to facilitate the construction of an all-weather 120' x 65' community and campus recreation field. The Foundation would lease the land from the Board for the period of time needed to construct the field in accordance with PSU standards and City of Portland requirements. Upon completion of the field, the Foundation would donate it to the Board of Higher Education and the lease would be canceled. This approach has been used by the Board of Higher Education on other occasions, including for the construction of the Bowerman Family Building at the UO (accepted by the Board in 1992) and construction of the OSU CH2M Hill Alumni Center (accepted by the Board in 1995). University officials prefer this lease arrangement because the Foundation carries responsibility for project oversight and liability during the construction period until the facility is fully operational.

Estimated total project cost is $2.2 million. All funds for the project have either been donated or guaranteed by Peter W. Stott, a major donor to PSU. Estimated annual maintenance and operating costs of $10,800 will be the responsibility principally of the Athletic Department auxiliary. University officials expect these costs to be offset by approximately $20,000 of savings from cancellation of practices at Civic Stadium and the $1,800 now estimated for annual grounds maintenance on the site.

If approved by the Board of Higher Education and the Foundation Board at their respective May 1998 meetings, the field would be
constructed this summer and be ready for use by mid-August 1998, when the PSU football team begins practice. The final lease will be presented to the Board President for signature and execution after all necessary approvals have been secured and funds received, irrevocably pledged or guaranteed. The PSU Foundation would be responsible for ensuring the availability of funds.

Staff Report to the Board

PSU proposed to lease a parcel of vacant land on the north side of the campus approximately 120' x 65' to the PSU Foundation for their construction of a community and campus recreation field. This location is convenient to the current athletic locker rooms located in the basement of the adjacent Health and Physical Education Building (Stott Center), as well as to the greater PSU community. The parcel is west of Millar Library and south of Harrison Hall, a major teaching facility on the campus.

The decision to construct a single field for use both by the PSU-area community and campus physical education, recreation, and athletic programs results from the convergence of several needs: (a) a location for the PSU football and soccer teams to practice, now that the Civic Stadium is no longer a viable option due to rising costs and limited scheduling opportunities; (b) an outdoor recreation space for children attending the Portland Public Elementary School/Housing Project; and (c) additional recreation space for intramural and club sports resulting from increased demand by the PSU student body.

PSU sought approval at this time because officials at the Civic Stadium have notified the University that they intend to eliminate PSU's access to the field for football practice in summer 1999, in order for stadium officials to undertake a construction project to replace its playing field. As a result, PSU reviewed its options. In April, Mr. Stott indicated his desire to facilitate a solution, in order to have a practice field available for use by the late summer/fall 1998 football practice period. To meet this schedule, preparation for construction must begin by late spring.

Originally, PSU had proposed to construct the community-campus recreation field in 1999 using gift funds. A $2.6 million proposal for this purpose has been included in PSU's 1999-2005 capital construction budget submittal, timed to provide PSU with an alternative when
the Civic Stadium officials moved forward with their plan to substitute a natural grass field for the artificial turf which currently is used in the stadium.

This field was planned, in part, to meet the requirements of the University District Plan, which calls for the construction of 1,500 new private housing units and several hundred additional student housing units. Recreational opportunities for the campus and the district residents are a requirement of the plan. These will be met, as now, in the Park Blocks as well as on undeveloped areas of the campus. However, the plan calls for public use of both the Urban Center Plaza (a part of the recently approved PSU Urban Center Project, Phase I) and the proposed community-campus recreation field. The City of Portland is also reviewing the proposal now before the Board, and held a hearing on April 29 with initial response by the City anticipated by May 6. The result of this review could delay the project or add to its cost. If such a delay occurs, PSU will have to lease space elsewhere in the metro area and transport the students by bus, thereby increasing costs, adding safety concerns, and increasing student travel time.

The existing grassy field will be replaced with a new product of artificial grass laid over a deep sand base. This grass is not the same product as artificial turf, which lacks the underlying cushioning provided by sand. This type of solution is required, rather than the alternative of maintaining natural grass, as it allows 365 day usage rather than trying to maintain natural grass, which becomes very muddy in wet conditions.

**Staff Recommendation to the Board**

Staff recommended that the Board approve the request by PSU for authority to lease a 120' x 65' vacant parcel to the PSU Foundation for the purpose of facilitating the construction of an all-weather community and campus recreation field. The final lease will be presented to the Board President and Secretary for signature and execution only after all necessary approvals have been secured and funds received, irrevocably pledged, or guaranteed. Likewise, an Agreement for Land Lease and an accompanying License Agreement would first be reviewed and found acceptable by the Board's legal counsel, prior to seeking final signature of the Board President. The PSU Foundation would be responsible for ensuring the availability of project funds, estimated not to exceed $2.2 million. Upon completion of the
construction, and confirmation by PSU that the field meets all requirements by the University and the City, the lease would call for the return to the Board of all rights, title, and interest, including possession, of the site, improvements, equipment, and furnishings.

Board Discussion and Action

Associate Vice Chancellor Marilyn Foute reviewed the proposal. Ms. McAllister questioned the anticipated response from the City of Portland on the project. President Bernstine reported that preliminary indications were that it is on a fairly fast track and is anticipated that people can begin using the field as early as October 1998, therefore allowing for the lease back to occur much sooner than originally planned.

Ms. McAllister moved and Dr. Whittaker seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Wustenberg, Wykoff, and Imeson. Those voting no: none.

Mr. Willis was not in the room at the time a vote was taken.

RESIDENCE HALL RENOVATION, OSU

Summary

Oregon State University (OSU) requested Board authorization to seek approval from the State Emergency Board for an increase of the Residence Hall Renovation total project expenditure limitation from $3,595,000 to $6,500,000, an increase of $2,905,000, for the issuance of Article XI-F(1) bonds to renovate and upgrade Hawley Residence Hall for the future use of approximately 220 students in single and double rooms. The increase of expenditure limitation is required to fully address code and physical obsolescence as well as the reconfiguration of space in Hawley Hall. The revised project cost is based on the completion of detailed architectural design.

Staff Report to the Board

Background. OSU is in the middle of a 15-year plan to upgrade its residence and dining halls, which range in age from 25 to 70 years. One major housing or dining facility is being completely renovated every one to three years. The goal of this program is to provide appropriate accommodations at competitive rates. The living and dining facilities are aging, thus requiring substantial renovation or
expansion. In most cases, this work will require improvements to basic building systems such as the heating and ventilating systems; work to address lack of code conformance (for ADA accessibility, seismic stability, fire/life, safety, and energy efficiency); changes to the interior appearance; and some reconfiguration of interior space to meet student demands for greater privacy, more seminar rooms and meeting spaces, and greater sound insulation.

To date, four major projects have been completed: McNary Residence Hall ($3.4 million), West International House ($8.6 million), Marketplace West (formerly West Dining, $4.8 million), and McNary Center, Phases I and II (formerly McNary Dining, $1.5 million). The project under review, the Residence Hall Renovation project involving "The Quad" buildings, is next in the queue.

"The Quad" and Hawley Hall Project. Built 45 years ago, The Quad is a single, integrated, four-building structure comprised of Hawley, Poling, Cauthorn, and Buxton Halls. The four buildings are joined such that meeting/study rooms are at their boundaries. Faced with brick, consistent with the architectural qualities of the central campus, each structure is five stories tall with a basement.

The master plan for The Quad has now been completed. It included a needs analysis of the two cooperatives adjacent to The Quad, Reed Lodge, and Heckart Lodge building. Hawley Hall, a 66,076 gross square foot (gsf) building, was selected as the first element to undergo total rehabilitation. Thus, detailed architectural work for Hawley Hall was done as part of the master plan, and a final construction cost estimate for rehabilitating Hawley has been determined, totaling $5,100,000.

Hawley Hall requires extensive code, building systems replacement, and remodeling. Code-related work includes tearing out "furniture-wall" systems between student rooms and replacing them with seismically stable new shear walls. New group showers and restrooms will be built. Other plans include installation of fire sprinklers, asbestos removal, and electrical upgrades. Nearly all building systems will be replaced (heating, piping, elevators, windows, floor coverings, and elevators). Walls and ceilings will be patched and painted and floor finishes updated.

Although the campus explored the possibility of reconfiguring space to develop more single rooms and suites, the costs were prohibitive.
Therefore, the renovation plan will not increase capacity. The existing double-loaded corridor design will be continued, although more single bedrooms are planned to accommodate demand. The design will provide ten single rooms and 22 double rooms per floor for four floors, for a total of 128 rooms for 218 residents, plus a few larger apartments for the resident attendants. The first floor will contain meeting and seminar rooms, as well as student lounges.

While alternatives to this approach were examined, because Hawley is part of a larger integrated structure, there were few options. Overall campus plans call for keeping its undergraduate facilities near the campus core, both for student convenience and to be near the new common dining facility, Marketplace West. (Note: all residence halls are centrally located on campus.)

Previous Approvals and New Request
This project was originally approved by the 1997 Legislative Assembly, in Chapter 584, Section 2(3)(b) of the OUS Capital Construction Bill, with a total expenditure limitation of $3,595,000 for the issuance of Article XI-F(1) bonds. Combined with costs for the master plan, this will exceed the existing expenditure limitation for this project by $2,900,000, all of which would be from additional Article XI-F(1) bonds.

At its November 1997 meeting, the Board of Higher Education approved the inclusion of this project in the spring 1998 bond sale, authorizing the sale of $1,595,000 of Article XI-F(1) bonds. To take advantage of historically low bond rates prior to the bond sale, OUS submitted a new request to increase the bond issuance amount by an additional $2,287,000, for a total of $3,882,000. This amount included $287,600 of "project reserve contingency" approved in Chapter 584 for certain projects. The Board approved the request and in March 1998, $3,882,000 in Article XI-F(1) bonds were sold for this project.

If the additional bond request for this project is approved, construction would begin in late summer/early fall 1998. Additional bonds would be requested for the next OUS bond sale, tentatively scheduled for fall 1998, and construction would be completed by summer 1999, in time to accept residents in the fall term.

Financing Strategy. The University's debt financing strategy for renovation and updating its aging residence halls is to look at all of the student housing and dining units as a single enterprise. There-
fore, as architectural plans and associated cost estimates are developed for any single project, a complete financial assessment is based on the overall impact given the number of residents housed, the amount of rental income to be collected, the total costs of providing housing and dining, and the incremental debt associated with a particular construction project. The campus manages its rehabilitation activity so that the contribution to the total operating budget (and resulting room rates) is kept to a supportable level.

Hawley Hall is one of eight traditional undergraduate residence halls, referred to as "standard halls" for purposes of the room-and-meal accounting. The room-and-meal plan rate charged for students living in these eight halls is the same, regardless of which building in which they reside. These rates are lower than those charged for the newer halls that have suite arrangements, which are marketed to upper division students.

Following completion of the proposed Hawley Hall project, the amount of debt to be added to the total Housing and Dining Services operation budget will be $6,500,000 for all planning and construction. Annual debt service requirements are estimated to be $443,000. This amount is pooled with other existing debt service for all other housing and dining projects, along with an analysis of the impacts to the room and meal charges for the coming year. Charges are developed for each category of residence hall, depending on market rates. For a standard hall, the double room and meal rates will increase by $118 per year, or 4.51 percent. Newer halls have a different market-based plan, but approximately the same rate of increase for debt service would be reflected. The total number of residents in all halls is projected at 2,270 students.

Estimated annual operating revenues solely for Hawley Hall, when viewed as a separate budget, will be $494,000. Subtracting estimated operating costs of $229,000, and the Hawley Hall pro-rated share of the pooled debt service of $158,000, leaves an estimated annual operating balance for Hawley Hall of approximately $107,000, compared with the current operating balance of $143,000. Therefore, despite the higher than expected cost of the renovation, the project is sound from a financial point of view.

The total University Housing and Dining Services budget for FY 1998-99 projects total revenues of $13.1 million, less total expenditures of $12.2 million before contributions to building reserves.
Staff Recommendation to the Board

Staff requested that the Board approve the Oregon State University Residence Hall Renovation Project as designed, with a revised total project cost of $6,500,000 and authorize the Vice Chancellor for Finance and Administration to seek authorization from the State Emergency Board for an increase in the total project expenditure limitation to $6,500,000 for the issuance of Article XI-F(1) bonds to finance the project.

Board Discussion and Action

Ms. Foute reviewed the specifics of the proposal. Mr. Lussier asked for clarification on the cause of the increased expenditure — that is, if it was based on an increase in scope as well as the master plan. Ms. Foute responded that was, in fact, the case.

Ms. Wustenberg moved and Mr. Wykoff seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.

Summary

The Chancellor sought Board approval to request state Emergency Board authorization for funds totaling $497,000 to respond to program and administrative needs that have developed at the Central Oregon University Center (COUC, established in 1994) and the Southwestern Oregon University Center (SOUC). These funds are needed for the academic year 1998-99. COUC projects 2,000 students will be taking classes next academic year (195 FTE) and 90 students will graduate in June with either a bachelor’s or master’s degree. Three hundred students are currently enrolled (40 FTE) at SOUC, a 71 percent increase since 1995-96. SOUC is projecting 500 students in 1998-99.

If approved by the Board, the Emergency Board request will be jointly presented by the Chancellor, the Commissioner of Community College Services, and the presidents of COCC and SWOCC. The funding requests by line item are as follows:

Central Oregon University Center (COUC)

- Rental of Additional Classroom Space — $30,000
• Develop Book Collection and Periodicals to Support Programs — $60,000

• Initial Funding for New Cooperative Program Implementation — $209,000

Southwestern Oregon University Center (SOUC)

• Staffing and Office Support — $125,000

• Upgrade Program Support Technology — $73,000

Staff Report to the Board

The Chancellor sought Board approval to request funds from the Emergency Board to meet modest, but necessary, educational needs at COUC and the emerging SOUC. In both cases, these two centers are outgrowing their ability to meet student demand. Collaboration among the Board of Higher Education, the Office of Community College Services, and the two community colleges is working well. However, without additional resources and program depth, these centers cannot keep up with the growing demand by students living in relatively remote areas of Oregon. The programs to be funded by this request directly respond to the goals articulated in the Governor’s access agenda and in the Board’s strategic planning processes.

Central Oregon University Center (COUC)

Rental of Additional Classroom Space — $30,000. Since 1994, the number of cooperating institutions has grown from six to nine. Eastern Oregon University, Oregon State University, and Linfield College have had the most substantial participation in Central Oregon; however, programs have also been created with Lewis and Clark College, Oregon Health Sciences University, Oregon Institute of Technology, Portland State University, Southern Oregon University, and the University of Oregon.

With this level of programmatic commitment, fall 1998 enrollments marked an eight percent growth over fall 1997. Since 1994, the number of degree programs has grown from seven to 23; the number of classes has grown from 35 to 240; and the number of total course
enrollments has grown from nearly 540 to 2,000 (projected for 1997-98). In terms of FTE, 145 student FTE are now studying in COUC programs. In June 1998, 90 students will complete bachelor's and master's degrees.

With this rate of growth, waiting lists have been established for many courses. This institutional growth mirrors regional growth of 35 percent reported by the Census Bureau for Deschutes County since the last census. Furthermore, the proliferation of small to medium businesses in Bend and Redmond provides employment for new graduates.

The COUC partnership with COCC combines OUS programs with COCC facilities. This collaboration has accomplished a great deal with a limited investment. However, when COUC was established, COCC had surplus space that easily accommodated COUC program activities. Even with the addition of new COCC facilities, the current space is taxed.

Currently, COUC and COCC share the use of two multimedia classrooms. COCC uses these facilities to deliver courses to seven regional centers via instructional television. Due to increasing demand for these facilities, funding is sought to provide additional academic space at the lowest cost possible, through the leasing of two additional modular classrooms. These would be used primarily by COUC at an approximate cost of $30,000 for a two-year lease. COCC has offered a suitable site, which is well lighted and accessible to sewer and electrical connections. During 1998-99, a longer term solution will be investigated by both institutions.

Expansion of Library Resources — $60,000. COUC carries out its programs in space owned and managed by COCC. Currently, COUC relies on the COCC library for facilities, staff, and program support, and contributes to library resources through a direct subsidy. However, COUC is in need of additional books to support each of its 23 degree programs. COUC and sponsors of the 23 degree programs have agreed to jointly address this issue with an annual assessment of $3,000 per program per year. Therefore, one-time funding of $40,000 is sought to develop a book collection and meet subscription costs of journals needed for the curriculum being offered through the COUC. COCC staff will order, catalog, and circulate the books and journals.
COUC also requested funds to support expanded use by COUC of Portals and ORBIS, two Oregon public/private higher education library cooperatives centered in Portland and Eugene. Because most COUC students are earning degrees from Portals- and ORBIS-member institutions, COUC and COCC library staff have been actively seeking their cooperation. COCC has invested $100,000 in software to install the Innovative Interfaces, Inc. (III) automated library software, which is the platform for ORBIS. An additional $20,000 is requested to purchase and install the software module which will allow COUC students to initiate automatic circulation requests to the ORBIS libraries. Participation in ORBIS will enable COCC to collaborate with participating institutions and to order books that will enhance both COCC and ORBIS collections.

Initiate a New Cooperative Program — $209,000. The Chancellor sought approval from the Board to request Emergency Fund support to launch an important new pre-professional degree program at COUC in the academic year 1998-99. This program would offer a degree that would make students eligible for entry into professional health-related schools of medicine, dentistry, and physical therapy or, more generally, for employment that requires a strong general science background. COUC, COCC, and UO have completed planning for a jointly delivered Bachelor of Science in General Science with an emphasis in Biology and Chemistry. Upper division instruction will be provided by both on-site UO faculty and COCC faculty teaching as UO adjuncts. Based on initial inquiries by students, demand exists for at least 15 to 20 FTE in the first academic year.

The goals of the program are (a) to provide a degree that is suitable for entry into professional health-related programs; (b) offer the degree within the framework of the UO General Science Major; (c) integrate the curricula now being offered at UO and COCC to result in a curriculum that fully satisfies high standards for the similar degree now offered at UO; (d) involve faculty at UO and COCC; and (e) administer the program at UO such that it becomes self-supporting through tuition generated.

While COCC will provide the existing laboratories, additional funds in the amount of $209,000 are needed to upgrade COCC's laboratory equipment and to cover the first year faculty costs. COUC will collaborate in funding equipment (estimated at $30,000) not covered by this request in the first year.
Southwestern Oregon University Center (SOUC)

Staffing and Office Support — $125,000. SOUC has been supported informally by administrative arrangements with SWOCC. Since 1995-96, enrollment has increased by 71 percent. There are currently 300 students enrolled in 58 courses, taking 1,727 credits, aggregating to 40 FTE.

SWOCC has provided in-kind administrative support and advertising for these programs each year, valued at approximately $27,000. However, this level of growth now requires a more reliable source of funding. The requested funding will provide for the hiring of two permanent staff, office space, and operational expenses. The office space has been renovated and reserved for this function. SWOCC will provide telephone services, computer network access, library services, and access to the college's computerized Learning Hub for students. The estimated value of these in-kind contributions is in excess of $43,000.

Upgrade of Program Support Technology — $73,000. This request will support present programs and expand distance delivery (send/receive) capability. To date, SWOCC has provided technical support for an Ed-Net II link out of existing resources at an annual cost of $20,500. The requested funds will enable SWOCC to hire a technical support person to operate and maintain the Ed-Net II link and to install additional equipment.

Staff Recommendation to the Board

Staff recommended that the Board authorize the Chancellor to seek State Emergency Board approval for Emergency Funds totaling $497,000 to respond to program and administrative needs as outlined for the Central Oregon University Center (COUC) in Bend and the Southwestern Oregon University Center (SOUC) in Coos Bay for academic year 1998-99.

Board Discussion and Action

Chancellor Cox invited COCC President Robert Barber and COUC Director Dick Markwood to respond to questions about the proposal. Dr. Cox said that representatives of SWOCC and SOUC were unable to attend the meeting, therefore Dr. Barber will speak on behalf of SWOCC President Stephen Kridelbaugh.
The Chancellor continued to elaborate on the background of the collaboration between the two entities. "Over the last several biennia, specifically the last biennia, we have engaged in a major access initiative, supported by the Governor and the Legislature. We have made some major moves in eastern Oregon, here in Jackson and Josephine Counties, and in Klamath County. The two areas of the state next on our agenda for expansion of access to reach populations that are not adequately served, or in some cases not served at the level they wish to be. We have singled out central Oregon as one of Oregon’s fastest growing areas, and southwestern Oregon, while not growing as fast, is clearly one of the areas most in need. The funds that we would like to request from the Emergency Board are one time funds that will let us jump-start and move both agendas a little faster, particularly in central Oregon and to get started on the coast," he concluded.

President Barber noted that while he is the current president of COCC, he is also the past president of SWOCC. "This has been an excellent year of partnerships between community colleges and the higher education System," he said, adding that, "I think that one of the largest challenges we are facing is that with all the visibility of partnerships, there is an expectation of students in our communities that they can finally get the access they wanted. What we are seeing is students lining up at the door. I think that we are going to see this more and more. Our college now has the experience of one-third of all our courses having waiting lists. I contribute that to the strength and growth of the University Center, which is on our campus."

In referencing the south coast, Dr. Barber said that area never made it to the agenda for a number of reasons. Most notably, when the regional access agenda was approved last year, it opened a number of new centers, and SWOCC didn’t have the opportunity. "This request would round out a service area that needs to get started," Dr. Barber observed, adding that it is consistent with the Governor’s discussion on access.

COUC Director Dick Markwood explained that the one program addressed in the request, the general science program at UO, is particularly favorable, because the offerings at the University Center will then begin looking like a liberal arts college offering.

Chancellor Cox admitted there is much work to do with the Emergency Board. "The emergency that we believe this addresses is that
Oregonians will not be served at the level they need to be served. Now that is not the same thing as fire, locust, and flood, but we believe that it is nevertheless an emergency. When I go the table with the Emergency Board in June, joining me will be President Barber, President Kridelbaugh, Commissioner Roger Bassett, and anyone else I can enlist — Senator Neil Bryant, and others. This is an important next step and high on our agenda. This is different from Emergency Board expectations; we have been pushing the envelope. This morning, Senator Hannon pledged his support, and Senator Bryant is very much in a leadership role," the Chancellor said.

Mr. Lussier commented that he served on a committee called Education Team 100 in central Oregon, a citizen focus group looking at higher education opportunities. "There really are three different initiatives: one is access to higher education in general, looking specifically at what the needs are and how they might be met. Secondly, we are looking at the role of higher education; and finally, how we might partner those needs with existing institutions such as COCC and other universities. There is a very strong interest from that perspective in the University Center and what it can do to help serve the increased need through partnership and strengthening relationships."

"How many FTE do you have now in your community college?" questioned Ms. Wustenberg. Dr. Barber responded that at COCC, there are about 3,200 FTE on campus, but added that if funding becomes available, that number could increase to more than 4,000 by this fall. "If you increase enrollment by ten percent, you need to increase parking by ten percent, etc., so it is not as easy as it seems. One of the important aspects of our approaching the Emergency Board is that I think it reminds a large number of people in this very interesting political time that probably the best and most immediate solution to the higher education needs of central Oregon will be focused on the University Center and the University System. This type of activity cements that. There are other long term solutions that need to be talked about, but certainly in the short term, the best solution to our needs is building a strong University Center," he said.

Mr. Lussier moved and Mr. Willis seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Christopher, Lussier, McAllister, Van Patten, Whittaker, Willis, Wustenberg, Wykoff, and Imeson. Those voting no: none.
The Academic Council has favorably reviewed the following four preliminary proposals for new academic programs:

- **UO — B.A./B.S. in Environmental Science**
- **WOU — Bachelor of Music in Contemporary Music**
- **WOU — M.S. in Social Policy**
- **WOU — Master in Management of Information Systems**

**UO — B.A./B.S. in Environmental Science**

The University of Oregon proposes to offer this degree as a complement to the already heavily subscribed new major in environmental studies and to formally recognize and respond to student demand for greater scientific understanding of environmental issues. While OIT, PSU, OSU, and SOU have environmental programs for undergraduates, this proposed program is not viewed as unnecessary duplication for two reasons. First, it builds on UO's significant strengths in the physical and life sciences and its own unique faculty expertise. Secondly, duplication of a select set of high-demand programs is, in fact, desirable when it increases student access. Given the intense focus on environmental issues in Oregon, the U.S., and the world, and promising employment prospects for graduates, the UO considers this a very relevant degree. Current resources are sufficient to offer this program.

The goal of the program is for graduates to be cognizant of the major environmental issues and to develop a scientific understanding of: (1) the nature and scope of the forces underlying environmental problems/issues; (2) the various approaches used to bring environmental issues to the public's attention; and (3) the methods and approaches used to solve these problems. Students graduating from this program would have scientific career options in such fields as conservation biology, climate, pollution prevention and abatement, ecosystem restoration and management, and could compete for jobs with government agencies, environmental consulting firms, and a variety of businesses requiring environmental scientists. In addition, the degree will prepare students for careers in teaching and for any number of graduate and professional programs (e.g., geology, biology, environmental science, law). It is anticipated that 25 to 50 students will graduate each year from this program.
WOU — B.M. in Contemporary Music

The nature of "making music" has changed dramatically in the last 50 years. Mass distribution and broadcasting, electronic music, film and video scoring, field recordings, and personal computers have all influenced this change. The roles of performer and composer have blurred, as have the musical styles of classical, jazz, and commercial music. The proposed degree is a response to this new reality. Skills and knowledge that are typical components within tracks in a traditional major are integrated in such a way that students will be prepared to participate in the generation and production of music in the new context.

As music production becomes more accessible to musicians of modest means, the music industry will become less focused in traditional metropolitan centers such as Los Angeles. The music market is expanding concurrently with the growth in high-tech industries, creating more opportunities for musicians at the leading edge of creativity and entrepreneurship. Students completing this program may find employment in a variety of music-making areas such as composition of commercial music; music for films, TV, or dramatic productions; jazz performance; studio musicians; work in post-production houses or recording studios; studio teaching in composition; and music software consulting.

The proposed degree would utilize the current core required of music majors, and no more than six new courses would need to be created. In addition to serving this major, the new courses are logical extensions of elective areas currently in place and utilize strengths of current and newly hired faculty. Western’s music department currently serves 40 majors in the B.A./B.S. programs. The proposed degree would likely draw some of those majors and may also attract other students who might have elected a different major or institution.

WOU — M.S. in Social Policy

The proposed interdisciplinary program seeks to provide graduate-level social science instruction covering the values, context, and dynamics associated with the development and implementation of effective social policy. Students would be exposed to critical theories, empirical methods and evidence, and practical experiences in social problems/issues, government, nonprofit, and private-sector policies and administration. The ultimate goal is to produce graduates capable
of creative, rigorous social analysis and equipped with the educational framework and practical experience to positively influence social policy. The core courses in the program will be taught during the evenings to accommodate returning students, and students will move through the core sequence as a cohort.

Social change, multiple policy options, various (and often conflicting or competing) interests, economic realities, political contexts, and many other variables all influence the complex and dynamic nature of social policy. Oregon, and the nation, will continue to need broadly-trained professionals capable of identifying, defining, and responding effectively to social problems. Graduates of this program will be qualified for professional, management, and research positions within a number of social service and related agencies of federal, state, and local governments, and private and not-for-profit organizations.

This interdisciplinary degree will require an additional 1.0 FTE faculty position to provide four of the core courses. The other three core courses will be supported by current faculty in the Sociology, Economics, and Psychology departments. Two principal groups of students would be served by this degree: recent graduates from WOU and other institutions who seek to continue their studies (10-12 per year) and professionals already working in social service organizations who seek to enhance their skills and credentials through graduate education (5-10 per year).

**WOU — Master in Management of Information Systems**

The proposed Master in Management of Information Systems will be offered through Western's Business Division and the Computer Science Division. The strengths of both divisions would be combined to create a program with a solid foundation in management theory and practice coupled with computer technology.

Industry has incorporated technology as a necessary tool for success. Nationwide, there is a shortage of employees in the area of Information Technology. According to The Information Technology Association of America (11/97), as many as 190,000 positions are currently available. The proposed program would prepare professionals to be competent in both information technology and management.

Likely candidates to be served by this program will include professionals in industry, state and municipal employees, and recent graduates.
WOU hopes to expand the student base by serving the more explicit needs of industry and government.

Faculty resources are sufficient to offer this degree. The equivalent of 1.5 FTE will be allocated from current faculty to cover the additional graduate offerings. Library holdings would need to be strengthened ($5,000/year).

**Board Discussion**

Vice Chancellor Clark called upon WOU Provost John Minahan to review the preproposals and respond to questions from the Board. Beginning with the Bachelor of Music in Contemporary Music, Dr. Minahan explained the reasoning behind the preproposal. "This is an attempt to carefully move our music program away from what has been a traditional conservatory approach at the undergraduate level, where we hire a series of individual artists and teachers of individual instruments and put them in combination with a very small number of students, perhaps three to five per instrument and over a period of four or five years hope very much that those students become accomplished artists, or at least begin to become accomplished artists."

Moving to the Master's in Social Policy, Dr. Clark said this kind of degree this would enable WOU to use a variety of social and behavioral science courses that are at the upper division and master's level in a new context. Dr. Minahan explained that Measure 5 budget cuts forced WOU to move away from virtually all master's level areas. "We are now looking at shared resources and shared effort among the programs in the social sciences. It is going to be a fairly small program, but we think we can move effectively into this area of service to state government, which is within our public service mission, and without risking a great deal of new resources," he said.

Dr. Clark pointed out that the third WOU program preproposa, the Master in Management of Information Systems, combines the strengths in the business division and computer sciences program. Dr. Minahan said that the WOU Advisory Council in Computer Science brought forth the initial proposal. "We are trying to respond to the advice of our Advisory Council, in terms of employment and in areas where our programs can be expanded by playing to the strengths of both computer science and software applications and our management operation business program."
"How would the Master in Management of Information Systems program differ from programs already intact?" asked Mr. Lussier. Dr. Clark clarified that she didn’t feel there were other programs quite like this, but added that, "It is not to say that students aren’t finding ways to combine business and information management." She went on to articulate a couple of similar programs statewide, but said that in WOU’s case, because of the relative size of the faculty component, it is beneficial to move toward programs that can capitalize on having some breadth across departments and even divisions.

"In moving resources toward these programs, are they moving away from something else to accomplish this?" asked Mr. Imeson. "We made some decisions in the business area," observed Dr. Minahan, adding that, "One determination is not to seek accreditation in the near future because of the resource commitments that we would have to make."

Mr. Lussier commented that the entire area of information technology and how the System responds as opposed to individual programs may be worthy of some future deliberation. Chancellor Cox said that he would ask his staff to compile some information on where the trends seem to be heading nationally.

Dr. Clark asked UO Provost John Moseley to respond to any inquiries of the Board on the UO’s preproposal, a B.A./B.S. in Environmental Science. Dr. Moseley briefly explained that the program is simply a student-driven extension of the environmental studies degree and that it does not involve any new courses or administrative costs.

"When would you expect to be here for formal approval?" questioned Mr. Imeson. "Certainly by fall," responded Dr. Moseley.

**Background**

A telephone survey was conducted in February 1998 of a random sample of the Oregon high school graduating class of 1997, the third of a biennial study initiated with the class of 1993. This study aimed to identify the percentage of the graduating class who attended a postsecondary institution in fall 1997 or winter 1998, their specific college choices and the rationale for those choices, and reasons for those who decided not to go to college.
Enrollment

The college enrollment rates of the Oregon class of 1997 are similar to those of the classes of 1993 and 1995, and to rates for the United States as a whole.

Percent of High School Graduates
Enrolled Fall Term Following Graduation

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Nearly 64 percent of the respondents in the Oregon class of 1997 survey were enrolled in some form of postsecondary education in fall 1997, with an additional 3.5 percent enrolling winter 1998. With the additional delayed enrollment likely over the next year, the college attendance rate of the class of 1997 at the end of eighteen months following graduation could be as high as 86 percent, based on the findings of this survey.

Choices

Among all of the high school graduates surveyed, 35.3 percent were attending a four-year university or college after winter term and 32.1 percent had chosen a two-year college. Compared to the class of 1995, significantly fewer students attended a four-year institution outside Oregon. Nearly 25 percent of those surveyed enrolled in an Oregon community college fall term, with another 3.1 percent delaying enrollment in the community college until winter term. The distribution for class of 1997 graduates is shown graphically below.

Reasons

Similar to the prior studies, the notable factors for choosing or not choosing a college are related to academic reputation, costs to students, and proximity to (or distance from) home.
The academic reputation of the institution was the most important consideration for respondents choosing any of the four-year college options, public or private, in Oregon or out-of-state.

The affordable cost of OUS compared to other four-year college options continued to be a primary reason for respondents who chose an OUS institution. On the other hand, the relatively high cost of OUS compared to a community college was a preeminent reason those attending an Oregon community college or out-of-state two-year college did not attend an OUS institution. (Of those going to an Oregon community college, more than three-quarters indicated plans to transfer to an OUS school in the future.) For students selecting private four-year and out-of-state institutions, the availability of good financial aid and scholarships was a major reason for their choice.

A desire to stay close to home was a motivation for more than 70 percent of respondents choosing either an OUS institution or an Oregon community college; it was also considered important by over 65 percent of those selecting an Oregon independent college. Conversely, more than 50 percent of students attending an out-of-state four-year institution cited "wanting to leave Oregon" as a major reason for their college choice.

A significant percentage of respondents with high school grade point averages of 3.75 or better continue to choose an out-of-state institution. More than a third of the "high GPA" respondents (34.5 percent of those attending college) selected a four-year university outside Oregon, compared to ten percent of those with GPA's below 3.75.

For the respondents choosing not to go to college, work and cost were the reasons most frequently cited. Other important reasons were entry into the military and the desire for a break from school.
Where Did the Class of 1997 Go After Graduation?

- Out of 100 high school graduates:
  - College: 67
    - College fall term: 64
    - College winter term: 3
  - No College: 33
    - Definitely enroll later: 10
    - Probably enroll later: 9
    - Will not enroll: 14
  - Out of state 4-year college: 10
    - 4-year college: 35
      - Oregon 4-year college: 25
        - Oregon community college: 28
          - Oregon private vocational: 1
          - Out-of-state two-year: 3
          - Other: 1
        - Out-of-state 4-year college: 10
          - Independent college: 5
          - OUS: 18
          - 18 plan to transfer to OUS later
    - 2-year college or voc: 32
Board Discussion

Dr. Clark highlighted some significant findings, including the fact that 34 percent of students are attending college out of state compared to 42 percent in 1995. The reasons behind this shift focus on the academic reputation of the institution as the most important consideration. Other notable information mentioned were cost (a complicated variable) and proximity. "Legislators are interested in this kind of information, to which they would otherwise not have access. We also have some ideas about follow up studies that we would like to do if time and resources allow," Vice Chancellor Clark said.

Mr. Imeson asked about the size of the sample. Susan Weeks, director of Institutional Research Services, explained that the general sample was 400 students, with another 400 ethnic minority respondents that were merged back into the general sample. When questioned if there were significant differences within the sample of sub-groups, Ms. Weeks stated there were some on the overall college attendance by ethnic group. "The Asian American and African American students had a higher participation rate than the overall sample. The Hispanic/Latino respondents were slightly lower and the American Indian students had significantly lower college attendance," she said.

"Of all the high school graduates, you asked 400?" questioned Ms. Wustenberg. Ms. Weeks responded that the number allows for a representative sample that is large enough to permit a balanced statistical analysis, yet it gives more control over the composition and representativeness of a study such as this. "Furthermore," said Ms. Weeks, "When you start increasing the sample size, it does permit you greater latitude in the kinds of analysis you can do, but you are also paying for each phone call that you make. This was the balance between making the study affordable and permitting us to get statistically valid information in general to benchmark college participation rates."

"Were there differences in terms of regions? Did you control by regions at all?" asked Mr. Willis. Ms. Weeks said that it was not a factor in the selection of the sample, but added that in terms of representativeness against the overall high school graduating class, the percentage of distribution is consistent with the overall patterns.
“I would be interested to know whether there is a significant difference in terms of the choices made out of Burns or Ontario as opposed to Eugene or Portland,” Mr. Willis said. Ms. Weeks explained that the sample was not large enough to permit that level of breakdown. “Next time, we would like to double the sample size; that would allow us to do some further analysis that we really couldn’t do. As Shirley [Clark] suggested, we are looking at following up, particularly with the respondents who indicated they are not enrolled now, but are likely to enroll. We would like to know whether they actually did. Also, there were a number of community college students who indicated that one of the primary reasons for their choice was the ability to transfer to an OUS school. We want to follow up with them and see if they did transfer.”

“What is the main reason for the difference behind the fact that significantly fewer students attend a four-year institution outside of Oregon?” asked Mr. Imeson. Ms. Weeks admitted that she did not know the precise reason, but reiterated that the percentage was lower than in 1995. Dr. Cox offered a brief explanation: “We went through a period of destabilization. Measure 5 took out more than 100 programs, reduced our budget by $150 million, and we have finally begun to re-establish our reputation. We have introduced new and innovative honors programs across the campuses, and have more aggressively gone after the 3.75 [GPA] students. And, fundamentally, we have gotten tuition under control. We are now demonstrating to parents and students greater stability.”

Mr. Lussier noted that the study indicated a large number of students are still selecting four-year institutions outside Oregon. Dr. Clark said that reference is to the students with the highest self reported GPAs. “We are keeping our eyes on that. I think that it will always be the case that significant portions of those students will go out of state because they are heavily recruited and have the broadest choice field of all of the students. Our question would be, ‘how far can we go to make inroads with respect to that proportion?’”

Chancellor Cox noted that of the 46-47 percent of the transfers to OUS institutions from out-of-state institutions, 46 percent of them had Oregon zip codes. “These are some of the best and brightest who went out of state and then chose to come back,” he observed. Dr. Clark concluded by saying that the missing element is that OUS doesn’t have the GPA data to hook up to that figure. “That’s what we
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have to figure out how to do — to know whether the most academically-able students who have gone out-of-state are in fact coming back in as juniors or as graduate students. That would be a very interesting study to do."

Staff Report to the Board

Oregon Administrative Rules (OAR) 580-50-041 and 580-50-042 require the Board to annually review the effects of these rules as they relate to the prior calendar year’s participation by emerging small business enterprises (ESBs) and minority or women business enterprises (M/WBEs) contractors and subcontractors in capital improvement projects. These projects are defined as any contract in excess of $25,000 for the construction or improvement of facilities.

OAR 580-50-041 states that successful bidders for public improvement projects approved by the Board shall make good faith efforts to "meet the project’s goals for subcontracting with or obtaining materials to be used in performing the contract from emerging small businesses." OAR 580-50-042 deals with similar requirements for businesses owned by minorities and women. All such businesses must be certified by the State of Oregon’s Office of Minority, Women and Emerging Small Businesses. Successful bidders for capital improvement projects must make "good faith efforts" to hire ESBs and M/WBEs as subcontractors or themselves be certified by the State of Oregon as ESBs, MBEs, or WBEs. Evidence of “good faith efforts” may include taking such actions as attending pre-bid meetings to inform emerging small businesses of contracting or subcontracting opportunities, identifying economically feasible units of the project that can be subcontracted to these enterprises, or advertising in selected publications.

Since reaching an all-time high of 30.6 percent of all public improvement projects awarded in 1993, contracting with ESB and M/WBE certified contractors has declined to levels seen prior to the Administrative Rules passed by the Board of Higher Education in the mid-1980s to encourage equal opportunity for ESB and M/WBE contractors. However, in 1997, participation rates did go up slightly to 16.3 percent or $1,799,298 of $11,068,935 of capital improvement projects issued by university campuses last year. Participation rates in 1997 represent a six percent increase over 1996.
Historically, the largest contracting percentages for certified ESB and M/WBE firms has been in metropolitan Portland. However, Portland State University (PSU) has not had the volume of contracting activity to generate the high levels of participation once previously achieved when Oregon Health Sciences University (OHSU) facilities contracting activities were a part of OUS. For example, during 1994, the last full year in which OHSU contracting activity was a part of OUS, OHSU undertook 20 capital improvement projects with a combined total slightly greater than $21 million. Of that, $5.7 million (26.6 percent) was for ESB and M/WBE contracting. During the same year, the other seven campuses accounted for 16 projects with a combined total of slightly over $10 million with $1.15 million (11.4 percent) in ESB & M/WBE participation. Since 1995, M/WBE and ESB participation levels within the OUS appear to be increasing after experiencing a very low level of 5 percent that year.

It has been generally assumed that the state’s strong economy in the 1990s and a corresponding increase in construction activity has provided sufficient demand for all firms—large and small contractors. However, results of the Oregon Regional Consortium Disparity Study, a comprehensive survey conducted in 1996, indicate that despite the economic boom and increase in contracting opportunities, entrepreneurial businesses run by M/WBE contractors still experience discrimination within the construction industry. This survey of minority contractors indicated they are not getting the levels of work that they would expect given the amount of activity currently being undertaken in the construction industry. However, an estimated 85 percent of the members of the Associated General Contractors Association could meet existing ESB certification requirements. This means that one of the state’s principal contractor associations is comprised largely of entrepreneurial firms, which in itself forms a business opportunity pool.

The certification requirements vary somewhat between ESB and M/WBE firms. Certification for M/WBE status includes the requirement that the business be at least 51 percent owned by one or more ethnic minorities or women with annual gross receipts for the three previous years not exceeding $16.6 million. The ESB certification has a seven year limit and requires that an Oregon contractor be a small business with annual gross receipts from construction activities for the previous three fiscal years totaling less than $1 million. To be ESB certified, a firm must also have fewer than 19 employees.
Staff are prepared to implement a plan of action that will utilize one or more options for expansion of the Board’s ESB and M/WBE program. Options for enhancing this program were presented to university physical plant/facilities directors during an October 1997 meeting and were discussed further during a January 1998 meeting that included all university physical plant/facilities directors and facilities contracting officers. There was consensus among the campuses to pursue a more aggressive approach to increasing M/WBE and ESB participation levels in conjunction with the start of the 1998 construction season.

Recommended options include:

1. A sheltered market program in which a percentage of projects under a certain dollar amount (e.g., $200,000) would be targeted for ESB certified contractors. Using ESB certified companies allows the campuses to contract without regard to gender or race while enhancing opportunities for emerging small businesses or disadvantaged business enterprises. It has been suggested by physical plant/facilities directors and contracting personnel that small general contractor retainer agreements might be used initially in this option for enhancing ESB participation rates. This initiative will be brought to the Board for approval as a rule change later this year. Based on results of the Oregon Regional Consortium Disparity Study, it is assumed that the majority of members of the Associated General Contractors Association could meet existing ESB certification requirements. Therefore, they form an important business opportunity pool for OUS campuses.

2. Waiving performance bond requirements on small projects — current Oregon Administrative Rules allow OUS and the university to waive bonding requirements, thus enhancing participation of small contractors who are operating on a limited business budget. However, the option is seldom used and requires self-insurance on these projects.

3. Although it is generally standard practice, each campus has been asked to review its policy for prompt payment for services rendered. Smaller companies tend to operate on smaller budgets and may have difficulty meeting expenses if payments are not made expeditiously.
4. Campuses can decide to contract directly with subcontractors. When a small contractor acts as the general contractor on a project, expenses and payments for subcontractors may become a functional problem to the contractor. Under these circumstances, it may be in the best interest of both the small contractor and the owner to have the owner contract directly with the subcontractors on these smaller projects. This option is working well in higher education through the small general contractor retainers. The retainer agreements allow the campuses to contract directly with small pre-approved contractors through a more administratively efficient and timely process.

5. On a selected basis, require regular prime contractors to provide mentoring services to ESB and M/WBE certified firms. This option would be applicable to large campus projects where training and supervision could be offered by both the campus contracting officials and the partnering prime contractor. If the university contracting officer elects this option after analysis of the costs and benefits, the Request for Proposal for the prime contractor would include a provision for this service.

6. Solicit certified ESB and M/WBE firms by various regions of the state. The Office of Minority, Women and Emerging Small Business is willing to make regional lists available for easy reference by campus contracting officers. In addition, advertising costs may be reduced if campus contracting personnel are able to target certified, specialized contractors by geographical area.

7. A special training session is planned for presentation by the campus contracts and facilities personnel and Chancellor’s staff on OUS contracting procedures and M/WBE and ESB certification processes to interested contractors later this fall. Experts from the Department of Justice, the Bureau of Labor and Industries, and the Office of Minority, Women and Emerging Small Businesses will also be invited to meet with prospective contractors.

**1997 ESB and M/WBE Contract Participation Levels**

During 1997, contracts were awarded for 16 capital improvement projects with a total value of $11,068,935. Successful bidders on
these contracts projected that about $1,799,298 of that amount (16.3 percent) would be for work performed by ESB and M/WBEs. Of this total, the projected rate for ESBs was 2.2 percent; the M/WBE participation rate was 14.1 percent.

**Historical Profile of ESB and M/WBE Projected Participation Levels**

The percentage of M/WBE and ESB participation in each year for the last five years are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Value Capital Improv. Projects</th>
<th>Total # Projects</th>
<th>Project Avg. Value</th>
<th>Amount of Participation</th>
<th>% Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$11,068,935</td>
<td>16</td>
<td>$691,808</td>
<td>$1,799,298</td>
<td>16.3</td>
</tr>
<tr>
<td>1996</td>
<td>24,360,185</td>
<td>26</td>
<td>936,930</td>
<td>2,482,149</td>
<td>10.2</td>
</tr>
<tr>
<td>1995</td>
<td>13,184,886</td>
<td>13</td>
<td>1,014,222</td>
<td>661,701</td>
<td>5.0</td>
</tr>
<tr>
<td>1994</td>
<td>10,101,613</td>
<td>16</td>
<td>631,351</td>
<td>1,152,847</td>
<td>11.4</td>
</tr>
<tr>
<td>1993</td>
<td>8,461,526</td>
<td>12</td>
<td>705,127</td>
<td>2,588,299</td>
<td>30.6</td>
</tr>
</tbody>
</table>

*Note: The capital improvement project information excludes all OHSU contracting activity data.*

**Interpretation of 1997 Participation Levels**

- Although recent participation percentages have increased slightly over the 1996 levels, the data continue to indicate that there is a continuing downward trend in the availability and interest of certified firms for the capital improvement project contracting opportunities of the universities. Campus facilities personnel and prime contractors continue to report a lack of response from firms certified as M/WBE or ESB despite extensive advertising and direct contact with certified firms in an attempt to stimulate sub-bids.

- The three largest project contracts awarded by a university campus in 1997 were the Valsetz Dining Hall Remodel for $2.8 million at Western Oregon University, the Seafood Consumer Education Center for $1.6 million at Oregon State University, and the EMU Food Service and Recreation Facility for $2.6 million at
the University of Oregon have all resulted in higher than anticipated levels of participation by M/WBE certified firms, but lower participation by ESB firms.

- PSU is located in a region that includes the largest concentration of certified firms. As such, the contracting pool offers a larger, more diverse group of contractors than that available to the other universities. However, PSU undertook only three capital improvement projects in 1997 with a combined total value of less than $250,000. At the same time, the University sets a 20 percent goal on all capital improvement projects and generally sees that contractors exceed that level. Thus, we assume that an increased volume of construction activity in 1998, including the start of the $33 million Urban Center project, will lend itself to additional construction opportunities for M/WBE and ESB firms.

- The modest increase in contract participation by M/WBEs and ESBs may be related to the seeming plateau in construction activity in many areas of the state after several years of high growth in the industry.

- OUS facilities directors and contracting officers hope that M/WBE and ESB program enhancements will result in higher participation levels in future years. The group will continue to meet and assess program effectiveness by monitoring OUS program results. The representatives believe that new benchmarks can be set after a year’s experience with the new program elements or by the end of fiscal year 1999.

Under the provisions of the Higher Education Administrative Efficiency Act (SB 271), each university continues to manage construction contracts and contract insurance requirements. The universities will continue to report each awarded project to the Chancellor’s Office using a single contract award form. The Chancellor’s Office Administration Division will continue to report Emerging Small Business and Minority/Women Business contracting activity annually to the Board.

**Board Discussion**

Associate Vice Chancellor Foute reviewed the trends from the past several years as well as some new directions aimed at enhancing the program. “What we’re experiencing, despite our relative improvements, is that these types of firms are still not participating at a level
as high as we'd like to see. There are a variety of reasons for this,” she indicated, calling on Ms. Wendy Robinson from the Department of Justice to explain in greater detail.

Ms. Robinson referred to a 1996 survey, The Oregon Regional Consortium Disparity Study. Conducted as a result of a U.S. Supreme Court (as well as other courts) rulings against “set-aside” programs for minority and women businesses, the study had to prove that there was a statistically disparate difference between the participation rate of minority and women-owned businesses, and what is referred to as the “ready, willing, and able” population. Only then would a state possibly be able to utilize a program such as this. In the Portland Metro Study, in which Ms. Robinson was involved, there was disparity proven in a few areas. Since the Study has not been challenged, Multnomah County is now proceeding with a goals program, which is different from OUS recommended options.

Chancellor Cox confirmed with Ms. Robinson that, given the series of court decisions, this is virtually the only avenue left for OUS to preserve the initiative. “That is correct, unless we conduct a disparity study like the one in Portland relating to higher education statewide,” she said.

Summary

The Hotel Conference Complex, a public/private project under development at Oregon State University, would involve a long-term ground lease of 3.67 acres of land on the OSU campus, to allow the development by a private developer, Studio West, of an 80,000 gross square feet (gsf), 150 room hotel and restaurant, with related parking and site improvements. The hotel would be sited immediately opposite the LaSells Stewart Center and would be easily accessible to the CH2M Hill Alumni Center, Gill Coliseum, and Parker Stadium. It would provide convenient, on-campus accommodations for the thousands of people who attend conferences, research meetings, athletic events, graduation festivities, and other functions held at OSU each year.

The land, owned by the State Board of Higher Education on behalf of OSU, would be leased on a long-term basis to a hotel developer who would then own the building and improvements it constructs on the land. At the end of the period of the lease, the building and improvements would revert to the State Board of Higher Education. Beyond
leasing the land, OSU would have no direct financial investment in the facility construction or operation, though it would receive some rental income related to the level of occupancy of the facility.

This proposed project will be brought back to the Board at its June meeting for approval of the ground lease and permission to proceed with the project. By that date, final business, as well as legal and OUS policy reviews, will be completed. If approved, OSU will proceed with a request for modifications to its Physical Development Plan. City zoning and related approvals would be sought in tandem by OSU and the developer. A construction target of late fall/early winter is currently envisioned, with completion during 1999.

To date, this proposal has been strongly supported by the City of Corvallis Chamber of Commerce and city officials generally, as it supports their long-sought efforts to increase the range of accommodations for visitors to the area.

Staff Report to the Board

Background. OSU presented information on a novel approach for providing on-campus accommodations for the many visitors who travel to Corvallis to attend campus functions, conferences, meetings and other events. Demand for such accommodations stems from many sources: LaSells Stewart Center hosts 125 to 150 conferences a year and more than 150,000 people use the facility annually. OSU hosts Pacific-10 Conference teams and their fans from Oregon, Washington, Arizona, and California; there are also a large number of non-conference teams in men's and women's sports. Research conferences are a growing component of OSU functions. Finally, rooms for families are needed during orientation sessions, graduation events, and other special occasions.

The greater region of Benton, Linn, Polk, and Marion Counties has a population base of 500,000 and a workforce of 200,000, with a 20-year projected growth rate second only to the Portland Metropolitan area. Companies in the region include Hewlett-Packard, which operates its largest U.S. plant in Corvallis and employs 5,000 people. Yet, Corvallis has fewer than 400 rooms available for conference attendees and athletic events. The majority of these rooms are nearly two miles from campus.
For several years, the City of Corvallis and OSU have explored ways to provide additional accommodations. OSU identified a parcel of approximately 3.5 acres, located at the southeast corner of the intersection of 26th Street and Western Boulevard in Corvallis. This parcel is immediately across the street from two new and very active centers, the LaSells Stewart Center and the CH2M Hill Alumni Center. In addition, both Parker Stadium and Gill Coliseum are within walking distance.

At present, the site is used as an unimproved gravel parking lot. Long-term, the current campus master plan calls for relocating several athletic facilities from other locations on campus to this general area. There is sufficient room to adjust the boundaries of all these facilities and still accommodate a hotel and related parking. No existing uses would require relocation. No future uses are envisioned for this site in the 1987 Physical Development Plan and subsequent updates will be foreclosed by the hotel project.

OSU prepared a Request for Proposal in the summer of 1997. OSU officials reviewed and support the proposal by Studio West Hotel Company (recently renamed Larkspur Hospitality Company, LLC), which is located in Larkspur, California and is affiliated with Hilton Management of Hilton Garden Inns. Larkspur Hospitality is a fully integrated hotel development and management company, and a franchisee of Candlewood Hotels in Northern California, Oregon, and Washington State. Larkspur Hospitality has signed a strategic alliance agreement with Hilton Inns, Inc. It will make reasonable efforts to develop and operate at least ten Hilton Garden Inns, at the approximate rate of three hotels per year. The company now has three hotels in operation, and expects to open six more by the end of this year.

Current Proposal. A summary of the arrangement under review calls for the erection of a four-story hotel of 150 rooms, with the possibility of adding another 50, on the site selected by OSU. The hotel complex would also have a restaurant. All development costs for the project will be borne by the developer. Utility requirements, parking and traffic mitigation, and any other zoning-related changes required by the City of Corvallis for permit approval would be the responsibility of the developer.

There would be a ground lease for 55 years, with lengthy extensions to renew, beginning after the developer receives necessary zoning and building approvals. OSU would seek approval from Corvallis for
the changes to its campus master plan in conjunction with a request by the developer for the necessary permits. Once approved, the developer would construct the hotel and pay the University a base rent and a percentage of the room rent, according to a schedule contained in the ground lease.

**Board Discussion**

Vice Chancellor Anslow invited OSU Interim Vice President for Finance and Administration Mark McCambridge to report on the proposal.

Mr. Willis asked about provisions if the hotel failed. Mr. Imeson followed with a question of risk on the part of the University. "We have no financial obligation in the deal," explained Mr. McCambridge. "If, in fact, the present developer were unsuccessful, the mortgage holder has the right and the responsibility to locate another hotel operator."

"One of the attractive features of this," added Mr. Anslow, "is that in addition to the 150 rooms, it will include a restaurant and other amenities. A difficulty in trying to attract conferences to campus is the ability to provide these accommodations."

Mr. Lussier referenced the fixed assets reverting back to the University, and if that would pertain if defaults on the lease occurred. Vice Chancellor Anslow said that there would be a period of time to cure the default, but the actual land improvements would return to the OSU. "What becomes important for us is that the hotel doesn't become rundown and that it continue operating at the same level that the Hilton Gardens will manage it."

Continuing, Mr. Lussier questioned community reactions to incentives in the lease, assuming that it has been structured so that it is in the best interest to use them first. Both Mr. Anslow and Mr. McCambridge assured that the community has been supportive. "It is the kind of property that is very different from what now exists. The developer actually expects to draw business from Salem," shared Mr. McCambridge.

Offering her comments, Ms. Foute said that, "Part of the University due-diligence and our due-diligence before coming back to the Board is to look at the market analysis that has been done on the project. The Hilton Gardens requires that a market analysis be done for
projects of this type. The City itself has done a study and we need to confirm the results of the market analysis as well. I believe that would help give the Board more assurance on the viability of the project. The Hilton Inns itself also requires technical guidelines/specifications for the type of facility. That, too, should give the Board some comfort and we will be bringing that information to you next month.”

Ms. McAllister asked if the target date is still late fall/early winter for starting construction. Mr. McCambridge confirmed this, but added that it truly depended on the city permit processes.

Mr. Lussier asked if Mr. Anslow would briefly address the length of the lease and the criteria being proposed, in terms of granting extensions. Vice Chancellor Anslow indicated that these are typically referred to as 99-year leases, which usually run 30-40 years. “However, I don’t know the conversations beyond that in terms of getting to the 55 years in the initial lease,” he said.

Mr. McCambridge indicated that the developer felt very strongly about that point, adding that it was an important feature with regard to financing. “It’s not unusual to see turnover in seven- to ten-year periods in terms of the operators refurbishing and moving on from there under different operations. So what we’re most concerned about is that there are complementary accommodations across the entire time period,” concluded Mr. Anslow.

In terms of granting extensions, and in response to Mr. Lussier’s question, Department of Justice attorney Wendy Robinson confirmed that the company cannot be in default at the time it requests a renewal. Further, it must provide six months’ notice prior to the intent to extend, otherwise there are no criteria.

COMMITTEE REPORTS
Board Governance and Structure

Mr. Willis thanked those who participated in the early morning Board Governance and Structure Committee meeting. The focus of the meeting was to gather input on the concept of institutional advisory councils. He indicated the Committee had a productive discussion with institution presidents on the subject.

Mr. Willis indicated that there are several subcommittees, as well as staff, working on the policy framework and review of the Internal Management Directives and how they relate to Board policy. Also being reviewed are the meeting agendas and how they might be
modified to make better use of the Board’s time. “Our next step is to connect with the Budget and Finance Committee to have our reports together for the June Board meeting,” he concluded.

Mr. Imeson said that the Budget and Finance Committee is now working through some policy implications of the framework for the new budget allocation model, including issues relating to enrollment management, accounting, and budgeting. Another vital point is enrollment projection. “That is critical, because if you are going to have funding based on enrollment, whether you look back to see what actually was, or project forward, is important. We need to do a thorough job with the projections,” he observed.

“We spent a lot of time talking about the overall tuition issue and how we set tuition. I’m going to attempt to be clear about this. Essentially, we are not changing the role of this Board with respect to tuition policy. We are seeing some issues that need to be flagged for the Board to examine. We used the term ‘range’ a little loosely. I am going to modify that and say what we currently do — the Board approves tuition for each campus and it results in a spread. We do not create a range and let people move within that range. We approve specific tuition proposals from each university and we will continue to do that. And I think we continue to believe that it will probably result in a spread. That is, they are not all the same today and I don’t think that we anticipate that they will all be the same tomorrow,” Mr. Imeson shared.

Continuing his report, “We have also flagged for the Board that particularly with respect to the residency policies that affect graduate students, there are some things that the Board probably needs to look at. It has been brought to our attention that we have circumstances where by virtue of our residency policy, students who I think all of us would agree are Oregonians who went away for four years to go to school out-of-state or enlisted in the military, then come back and are deemed non-residents.

“With respect to tuition, there may be some need for the Board to look at, particularly at the graduate level, fees that further differentiate some particular programs that are more costly, and whether there is a ready market for them. Simply by virtue of the new allocation model we are developing, it doesn’t change this.
"We also agreed at the last meeting, with respect to building fee revenue, that we are not making changes in the policy for the 1999-2001 biennium. We will tackle that one a little further down the road.

We also had a discussion about the student financial aid and fee remission, and we are going to need to spend more time on some of these issues.

"We need to identify soon and in some degree of detail, the budget and financial implications of what we are talking about. What we are dealing with right now is a poorly funded BAS model. What we want to be dealing with is a fully funded new model. And we want to be sure as we do that we can demonstrate what the products are going to be. It's not that the model costs more. We are going to be indicating more clearly when a program is being subsidized and try to get the specific subsidy for it. A lot of work still needs to be done, but I think that we have made a lot of headway," Mr. Imeson concluded.

ITEMS FROM BOARD MEMBERS

Mr. Lussier commented on the May 13 OIT visitation, saying how much he enjoyed working with fellow Board member Diane Christopher and Chancellor Cox. (Due to an emergency, Ms. Wustenberg was unable to participate.)

Ms. McAllister thanked President Reno for providing the art displayed throughout the meeting room. Dr. Reno shared that the SOU Foundation was sponsoring an art auction later in the evening.

Mr. Willis complimented President Reno for the morning's presentation. He also congratulated President Gilbert and President Dow on their new titles. Ms. Wustenberg echoed Mr. Willis' comments, mentioning that she will be representing the Board at Southern's commencement in June.

ADJOURNMENT

The Board meeting adjourned at 1:00 p.m.

Diane Vines
Secretary of the Board

Herbert Aschkenasy
President of the Board