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

December 18, 1998

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TOPICAL PRESENTATION AND WORK SESSION
Higher Education Reauthorization Act
The meeting of the State Board of Higher Education was called to order at 10 a.m. by President Imeson.

On roll call, the following answered present:

Dr. Herb Aschkenasy  Mr. Don VanLuvanee
Ms. Diane Christopher  Ms. Katie Van Patten
Mr. David Koch  Mr. Jim Willis
Mr. Jim Lussier  Ms. Phyllis Wustenberg
Ms. Gail McAllister  Mr. Tom Imeson

Absent: Ms. Esther Puentes (family emergency)

The Board dispensed with the reading of the October 16, 1998, Board meeting minutes. Ms. Wustenberg moved and Mr. VanLuvanee seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

President Imeson reported that the Board had just concluded a very productive self-study workshop, which was designed and coordinated by the Association of Governing Boards. He thanked the facilitator, Dr. Dolph Norton for leading the Board through its agenda, including identifying areas of success, and other areas where the Board may focus on improving its efforts. “We examined a number of issues that our Board is currently faced with. I think it was a worthwhile exercise and I believe it will help take us to the next level in terms of accountability and governance,” he observed.

Mr. Imeson expressed his gratitude to Dr. Aschkenasy and Ms. Christopher for facilitating the November meetings while he was out of the country, including the Executive Committee and Joint Boards meetings. He explained that the meeting where Dr. Aschkenasy acted on his behalf was a joint session between the Board of Higher Education and the Oregon Economic Development Commission. “That was really a first for us. I heard it was a good meeting that
included valuable audience participation. We will continue our
discussions with this group and hope to convene another meeting
sometime early next year," he said.

After reviewing the day's agenda, Mr. Imeson pointed out that,
pending approval by the full Board of an Administrative Rule, the first
30-minute public input session would be held. He also announced that
Associate Vice Chancellor Lanier's report on Y2K would be
postponed until the February 1999 Board meeting.

CHANCELLOR'S
REPORT
AOF Proposal

The Chancellor asked to turn his time over to Professor Ron Cease,
president of the Association of Oregon Faculties (AOF). The group
requested to articulate a proposal for an Administrative Rule
amendment regarding faculty benefits.

Professor Cease explained that the proposal was an amendment to
OAR 580-022-0030 that would allow a reduction in tuition for faculty
spouses and children. "In an effort to entice high quality faculty, an
attractive total compensation package must be offered," he said. Dr.
Cease cited that reduced tuition rates in other states and systems do
suggest that faculty may be motivated by these factors.

"Giving each campus the authority to make a decision, on the one
hand, seems to make sense in light of the new governance model and
the new budgeting model that the Board and the System are
considering. There are a lot of details that would obviously have to be
worked out, but we are suggesting clearly that the issue of tuition
reduction for faculty spouses and children would be a decision that
would be voluntary by each institution. That does not preclude the fact
that the System could develop a standard, work out the mechanics,
and determine what the relations would be between institutions in the
System. The decision would really be made at the institution level,
however. We don't know what the cost would be, but we don't think
it would be that much," said Dr. Cease.

He conceded that there would be a number of questions and specifics
that need to be worked out, both financially and politically. "What my
faculty colleagues and I request is that the Board seriously consider
this proposal to provide reduced tuition for members of the faculty
spouses and their children, recognizing that we need more
information. We're collecting some, and I think the System is too, on
how the other state systems administer the program and what their
experience is. We are not asking that this be mandatory. We're
asking for some sort of voluntary system that would allow the administrations of faculty of each institution to initiate this if in fact they wanted to do so,” concluded Dr. Cease.

Chancellor Cox confirmed that his staff was looking into this issue, and hoped that by the February Board meeting, there would be some preliminary cost estimates available. He added that ancillary questions beyond cost will need to be reviewed as well.

IFS Report

The Chancellor asked Dr. Kemble Yates for the Interinstitutional Faculty Senate report, noting that it was Dr. Yates’ last meeting as president. The following is a synopsis of his remarks:

“I would like to acknowledge my successor, Professor Jack Cooper of Portland State University. Dr. Cooper has served a number of years on the IFS and has been our vice president this past year. I know the faculty of the Oregon University System will be very well represented by Jack.

"IFS met two weeks ago on the campus of OHSU. We had several interesting guests on Friday. First, President Kohler gave us a quick ‘pulse’ on what life has been like since OHSU diverged from the System. As might be expected, he feels there are both advantages and disadvantages in OHSU’s new structure.

"We had an excellent conversation with Diane Vines, Board Secretary and Vice Chancellor for Corporate and Public Affairs. She gave us an abbreviated version of the report she gave you in October, on the Oregon Emerging Business Initiative and possible faculty consulting coordination.

"Two freshman legislators, Senator-Elect Rick Metsger and Representative-Elect Max Williams also presented. I was very impressed by both of these gentlemen. I think they both understand the important role higher education needs to play in Oregon’s near future, and both expressed interest in and general support for the new OUS budget model.

"Bill Wyatt, Governor Kitzhaber’s chief of staff, also spoke. He expressed cautious optimism regarding funding for higher education’s new budget. As you all know, Senator Brady Adams has actually proposed significantly more money for the
base budget build-up than has the Governor. To have so much support for the premise that Oregon must reinvest in higher education is truly heartwarming for all of us.

"There was an extensive discussion with Grattan Kerans and AOF lobbyist Mark Nelson. IFS and AOF are very committed to helping higher education tell its story to the right people in the legislature starting next month.

"I would like to give you some feedback from the faculty on post-tenure review, but first I want to thank Vice Chancellor Clark for keeping the lines of communication open to us on this issue. She mailed each IFS Senator a draft copy of the report and then met with us two weeks ago to talk about it. I think faculty concerns on this issue fall into three categories.

"First, lurking beneath a discussion of post-tenure review is the very real problem that the meaning of tenure itself is grossly distorted outside the world of academia. Simply put, tenure does not guarantee a lifetime job to anyone. Poorly performing or otherwise unsatisfactory professors can always be removed for cause. What tenure does mean is academic freedom. And I think Vice Chancellor Clark's report gets it right when she recommends a continued strong commitment by OUS to tenure and the intimately connected concept of academic freedom.

"A second point is that faculty very much do support post-tenure review as a means of assuring quality, accountability, and professional growth. Indeed, we have been doing it in many ways for decades. I think that as long as the goals of post-tenure review are clearly laid out, involves peers, and is not too costly in terms of people's time, faculty will welcome the proposed new policy.

"A third area of concern was the language in the recommendation to more explicitly link remuneration to the outcome of post-tenure review. On the face of it, this is perfectly reasonable. The concern is how it is implemented. It is crucial that there be a process that starts with resources and help, not punishments. If reasonable goals are not met over a period of time, then exclusion from merit increases might be a next step. Only as a drastic and final choice would it be
conscionable to actually cut a person's pay. As long as faculty can be convinced that these recommendations are a good-faith effort to help us do our job better and not an attempt to undermine tenure, then I believe you will have our cooperation in making these new guidelines work.

"I think there is a general realization that the low level of faculty compensation by the Oregon University System relative to the national market for faculty is a serious problem. There have been discussions by this Board (via performance indicators) and the Chancellor's staff about the goal of moving faculty compensation levels to the midpoint of institutional comparators. I would urge you as a Board to include specific objectives for the Chancellor and the institutions on the faculty compensation issue. While it has been tactically sound to not explicitly earmark dollars in the new budget to faculty salaries, at some point the Board's, the Chancellor's Office, and the institutions' priorities must be made clear.

"We must commit significant dollars from the base budget build-up to the people who carried the System through the financial neglect by the state of Oregon this past decade. There could be no more damaging blow to faculty morale than for the System to finally get significant increases in its budget and still not address the chronic low compensation problem. In my discussions yesterday with the presidents and the Chancellor, we all agreed that at the very least we need to have clear accountability on this issue in the new budget process.

"I have thoroughly enjoyed my opportunity to represent my colleagues to you. I have especially enjoyed meeting each of you, the members of the Board of Higher Education. We Oregonians are incredibly fortunate to have people of your caliber who care so much about this state's future, and who give so generously of your time trying to help us do our jobs right."

Dr. Yates announced that the new officers for the IFS for 1999: Jack Cooper (PSU), President; Carroll DeKock (OSU), Vice President; Marion Schrock (WOU), Secretary; and Elaine Deutschman (OIT), Academic Council.
After dispensing with the reading of the minutes, Ms. Christopher moved and Ms. Wustenberg seconded approval of the November 20, 1998, Executive Committee minutes as submitted. Those voting in favor: Directors Aschkenasy, Christopher, McAllister, Wustenberg, and Imeson. Those voting no: none.

Summary

The Chancellor requested Board approval to seek Emergency Board authorization for funds totaling $3,566,260 to help support exceptional increases of more than 1,000 student enrollments for 1998-99 at the Oregon Institute of Technology (OIT) and Oregon State University (OSU). An increase in funding is required to provide faculty to teach additional classes and laboratory sections and to support associated increases in services and supplies. To adequately cover the needs of the additional students, an Emergency Board request is recommended to augment funds to be provided from Oregon University System (OUS) central funds (tuition and fee revenue) combined with existing resources that will be redirected within each institution.

Staff Report to the Executive Committee

1998 three-term FTE (full-time equivalent) regular enrollment for OUS is approaching 48,000, as indicated on the attached enrollment report (on file in the Board’s office). Estimated three-term FTE enrollment reports for 1998-99, based on fall 1998 fourth week data, indicate that OSU is 859 FTE students greater than the 1998-99 number targeted for budgetary purposes, and that the enrollment for OIT is 178 FTE greater than its target. All other institutions are within budgeted corridors.

Allocations for OUS institutions are based, in large measure, on FTE enrollment for each institution, under the current budget model (BAS). The allocation for an institution does not change during a biennium unless enrollment is above or below the established corridor. In recent biennia, under a pooled tuition process, institutions have received an annual allocation of approximately $3,000 from OUS central funds (tuition and fee revenue) and $5,555 from the State General Fund for each FTE student anticipated in enrollment budget projections. When the enrollment exceeds the top of the corridor, $3,000 per FTE student is provided from OUS central funds to the institution for every
student above the targeted midpoint. The institution redirects resources, if possible, to fund a portion of incremental student costs.

OSU and OIT, two institutions providing unique, high cost disciplines, have both experienced severe budget challenges in the past few years and, therefore, have limited resources to address such sharp enrollment increases. For example, in 1995-96, OSU experienced a budget reduction of $6,415,117, and, in 1997-98, a budget reduction of $5,933,816. In 1995-96, OIT experienced a budget reduction of $731,267, and, in 1997-98, a budget reduction of $1,623,661. Because 1998-99 FTE student enrollments at both institutions have exceeded corridors of enrollment covered by the current budget, maintaining operations within the current budget places a strain on the ability of each institution to address the needs of Oregon students. This recommendation for the request to the Emergency Board will provide one-time, transitional funds to allow these two institutions to adequately teach the additional students for the remainder of this biennium. The institutional budgets will be readjusted in fiscal year 1999-2000 to reflect enrollment trends, presuming the new resource allocation model becomes effective at the start of the next biennium.

Summaries of unanticipated institutional enrollment changes and associated resource and cost requirements for OIT and OSU are provided below.

**Oregon Institute of Technology**

- Student FTE enrollment increased by 178 above the budgeted midpoint and 53 above the top of the established corridor of 125.
- The additional enrollments have required hiring nine additional faculty and associated faculty support costs, setting up two additional computer labs, and increased student services and supply costs.
- Based on the current funding model (BAS), $3,000 per FTE student for the additional 178 students above the budgeted midpoint will be provided for 1998-99 from OUS central funds for a total of $534,000.
- The institution will absorb approximately $694,375 in additional student costs for the 125 FTE new student enrollments above the midpoint target, but within the established corridor.
The Board is requested to approve Emergency Board authorization for one-time allocation of $294,415 from the State General Fund for the 53 FTE student enrollments above the established corridor.

Oregon State University

- Student FTE enrollment increased by 859 above the budgeted midpoint and 679 above the established corridor of 180.
- The additional 859 FTE enrollments have required hiring at least 35 additional faculty, an addition of more than 100 new undergraduate classes focusing on Engineering, Computer Science, Agriculture and Business, new baccalaureate core requirements across the colleges, new laboratory materials, new computer equipment software and support, instructional equipment, and additional advising services.
- Based on the current funding model (BAS), $3,000 per FTE student for the additional 859 students above the budgeted midpoint will be provided for 1998-99 from OUS central funds, for a total of $2,577,000.
- The institution will absorb approximately $1,000,000 in additional student costs for the 180 FTE new student enrollments above the midpoint but within the established corridor.
- An additional $500,000 will be provided from OUS central funds to help fund OSU’s additional FTE enrollment that exceeds the established corridor amount.
- The Board is requested to approve an Emergency Board authorization for one-time allocation of $3,271,845 from the State General Fund to support 679 FTE student enrollments that exceed the established corridor.

Total: Both Institutions

- $3,111,000 will be provided from OUS central pooled funds (tuition and fee revenue) for 1,037 students above the budgeted midpoint for the two institutions with FTE enrollments that exceed established corridors.
- $1,694,375 will be redirected from institutional budgets to support additional FTE student enrollments above the budgeted midpoint but within the established corridors.
An additional $500,000 will be provided from OUS central funds to fund enrollment above the top of the established corridor amount for OSU. OIT has received $1,600,000 in additional support funds redirected from other campuses for the current biennium.

A balance of $3,566,260 is recommended for request to the Emergency Board for a portion of the resources required to support unanticipated FTE student enrollments above the top of the established corridor amounts.

Staff Recommendation to the Executive Committee

Staff recommended that the Executive Committee authorize the Chancellor to seek authorization from the Legislative Emergency Board for one-time state emergency funds in the amount of $3,566,260 to meet a portion of the resources required to support unanticipated FTE student enrollments at Oregon Institute of Technology and Oregon State University for the 1998-99 academic year.

Executive Committee Discussion and Action (November 5, 1998)

Chancellor Cox explained that approaching the Emergency Board to address enrollment increases is a one-time situation.

"OIT and OSU have been so successful that they've exceeded expectations with this enrollment turnaround," said Chancellor Cox. Further, he said, "I have had conversations with E-Board members and the Governor's Office. I believe they are willing to hear our case, yet some are more supportive than others. I don't think they will hold it against us as we go into the session. These two institutions need some help and I feel committed to look for assistance for them."

Dr. Aschkenasy said that he felt the most important issue was whether or not the Chancellor's Office is successful with the legislature. On an unrelated topic, he asked President Dow and Provost Arnold if faculty were reduced when the student count decreased at their institutions.

Chancellor Cox observed that the legislature is different a legislature in terms of leadership. President Imeson added, "In some meetings, legislators were bringing it up, and asking if we were going to propose something."
In response to Dr. Aschkenasy's question, President Dow shared that OIT did hold back positions that were not replaced, mostly through retirement. 'In almost all departments, we had almost a total of six or seven faculty we didn't replace,' she said. Dr. Arnold pointed out that at OSU there are a number of vacant positions in various departments.

"I think our biggest concern is our inability to meet required course sections where students could not meet their degrees," said Dr. Arnold. "If we can't add enough faculty resources/sections, we won't be able to accommodate students in the upper division courses. Over time, that does begin to be a factor leading to attrition."

Ms. McAllister asked if the additional students were more or less across the academic range, or if they were concentrated in specific areas. Dr. Arnold replied that the increases were principally in the Colleges of Engineering, Business, and Agricultural Sciences, as well as the Department of Computer Sciences.

Dr. Dow said that OIT's greatest growth was in the Applied Psychology and Software Engineering Technology programs. She continued, "We have been strapped the past several years with our equipment. We don't have enough equipment to support our Portland operations. In terms of general education, our math classes are extremely large. In some cases, we'll have to reduce the number of sections offered and that will put people out of sequence."

Ms. Christopher asked if any of the growth could be attributed to improved retention. Dr. Arnold said it was about equal between retention and new students. Dr. Dow, while saying that she didn't have the exact numbers, felt that the situation was similar at OIT.

"It appears there are 11 fewer students in veterinary medicine. That ought to be a huge savings," observed Ms. Wustenberg. Vice Chancellor Anslow explained, "When you start the year, most institutions hire faculty and plan for enrollment and that's pretty much fixed. It's difficult to make a correction at the end of a term." Dr. Arnold concurred, but added that in order to best respond, he'd have to see the backup figures. "I'd be interested in knowing what those are," said Ms. Wustenberg.
"Having carved $12-13 million out of our budget, we are simply out of options," said Dr. Arnold. "We are not going to invest in new equipment. Furthermore, some advising functions will suffer."

Dr. Dow said, "We are in the same boat. We appreciate the support we've had from the System over the past two years, but we'll simply have to go with fewer sections if it gets that desperate."

President Imeson asked the Chancellor to review the process if the request is approved by the Executive Committee. The Chancellor explained, "I would go to Jon Yunker's [Department of Administrative Services] office with authorization by the Executive Committee. Mr. Yunker has agreed to allow it to go forward. We'd visit with each member of the E-Board and Mr. Wyatt from the Governor's Office to attempt to answer all questions. The E-Board meets on November 19. I would enlist the efforts of Presidents Dow and Risser at that time. As is always the case with an E-Board request, if it doesn't look like it's going to happen, we can always withdraw the request."

"The hard work that you've done is obvious," said Ms. McAllister. Both Provost Arnold and President Dow acknowledged the compliment. President Dow added, "We went through accreditation last week and our peers were very impressed. We did feel as if it reflected well on faculty and staff."

"With regard to other campuses, this is a critical change in the rules to the game that is difficult to explain," said President Youngblood. Provost Minahan added, "I don't think any of us should not support us getting additional money. We've been struggling to grow for years. It would have been impossible for us to have exceeded our enrollment corridor. We could not go over the top."

"I wish to echo the comments of Dr. Youngblood," said President Frohnmayer. "We will be good soldiers. When enrollment was down, we contributed. But we will support this."

"How does this negatively affect our efforts to get the budget model funded?" Mr. Persteiner questioned. Mr. Imeson responded, "I think if it affects it negatively, we're going to have to look elsewhere. We do not want to jeopardize what we hope to get done this next session. At least several months ago, when we were briefing people on the new
model, we were asked by several legislators about whether we were going to try and address this issue when it looked as if there might be increased enrollment."

"I would think it might be important to emphasize the tremendous cutbacks over the years. We've worked hard to change that. I don't think it's out of line to say that this System has had tremendous cuts," pointed out Ms. Wustenberg.

Chancellor Cox said "The primary motivation has to be the overall enrollment of the System. We've had some slips, too. It's the aggregate that's important. We can't afford to risk losing resident students."

Ms. Christopher moved and Ms. Wustenberg seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, McAllister, Wustenberg, and Imeson. The following voted no: none.

Board Discussion and Action (December 18, 1998)

Mr. Lussier moved and Mr. VanLuvanee seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

The Werner University Center is the student union at Western Oregon University. It also serves as the campus community center for University staff, alumni, and guests. Constructed in 1960-61, the building was remodeled in 1972 and again in 1986. A new master plan for the facility was completed in 1995 and WOU began the first of a three-phased project to respond to several years of steady enrollment growth, code problems, and physical obsolescence. The current request for Phase III funding will permit WOU to accelerate the construction schedule to bring the remaining non-renovated areas of the building up to code for fire/life safety and will address handicapped access issues. The funding requested is $2.95 million of Article XI-F(1) bonds to be repaid by the Student Building Fee Debt Reserve over 20- and 30-year terms.
Staff Report to the Board

Western's Werner University Center serves as both the student union for WOU and as a central community resource for the larger community in the Monmouth-Independence area. Beginning in 1995, WOU undertook to expand and modernize the facility. Phase I was a $2.5 million basic upgrade project that included a new loading dock, expanded bookstore warehouse, recycling center, and a new food court. A new north entrance was added to the food area. Phase II continued with a $3.5 million addition to the campus bookstore; this addition increased space by 40 percent with a conference center and eight new conference rooms, as well as renovated student and career services space. A new main entry facing North Monmouth Avenue, the primary campus drive, was added. In each project phase, code compliance and facilities obsolescence issues were addressed.

WOU requested an acceleration of the third and final phase of the project, which was included in the OUS 1999-2001 capital construction program request. This request was approved by the Board at its July 1998 meeting and submitted to the Department of Administrative Services in September. WOU's project will be financed through the issuance of Article XI-F(1) bonds, to be repaid by the student building fee debt service reserve. The project was selected as the Board's number one student building fee-funded project for 1999-2001.

WOU's request for approval to accelerate the construction schedule was in response to two changed conditions. First, the local building inspector has required WOU to commit to a near-term schedule to address the remaining fire/life safety code issues in the unrenovated space in the building or face an order requiring closure of the entire building until the code issues are corrected. Second, as Phase II is ahead of schedule, Phase III could move forward in mid-winter 1998 and thus address the critical code needs without extending the period of disruption to the building occupants.

In Phase III, fire sprinklers will be installed throughout two floors of student offices and meeting rooms that remain unrenovated. Two-story fire walls and fire doors will also be constructed. In addition, the main catering kitchen, now nearly 40 years old, will be completely renovated, and a new southwest public entry will be added to the Pacific Room. The Pacific Room is the largest multi-purpose facility in the Monmouth/Independence area; as such, it is often rented for
community functions, thus generating income for the student union. The catering kitchen is essential to renting the Pacific Room for these functions. Exhibit A displays the sequencing of construction projects since 1960 for the Werner University Center.

The estimated cost of the final phase is $2.95 million, which would be funded by a combination of 20- and 30-year term Article XI-F(1) bonds available for allocation to this project. Annual debt service of $201,000 would be paid from the Student Building Fee Debt Service Reserve, with the initial payment on June 30, 1999. The Controller's Division has confirmed that there is sufficient capacity in the Reserve to carry the future debt service for this project. If the Board of Higher Education and the State Emergency Board both approve acceleration of this project and the associated project expenditure limitation for Article XI-F(1) bonds, the project will be deleted from the OUS 1999-2001 capital construction program request.

This project is being presented before the Emergency Board at its November 20, 1998, meeting because it was not included in the 1997-1999 capital construction program and thus requires specific approval by that body for expenditure limitation for Article XI-F(1) bonds above $1 million. The request to the Emergency Board is being made contingent on the approval by the Executive Committee. Ramifications for delaying the project request to the December Board meeting and the January Emergency Board meeting would be twofold: 1) it would cause WOU to absorb additional costs associated with starting and stopping what is, in essence, a continuation of a multi-phased construction project, and 2) there is a definite possibility of building closure, as mandated by the local building inspector, unless code requirements are met in the near future.

Staff Recommendation to the Executive Committee

Staff recommended that the Executive Committee approve acceleration of the schedule for construction of the Western Oregon University Werner University Center Phase III Project with a total project cost of $2.95 million, and that the Board authorize the Vice Chancellor for Finance and Administration to seek authorization from the State Emergency Board for a total project expenditure limitation of $2.95 million in Article XI-F(1) bonds.
Executive Committee Discussion and Action (November 20, 1998)

Ms. Marilyn Lanier, associate vice chancellor for finance and administration, explained that she would review the item in the absence of Vice Chancellor Anslow, who was out of the state due to a family emergency.

After reminding Committee members that this project received high priority in the 1999-2001 capital construction budget, which was approved in July 1998, Ms. Lanier said that the initial plan was to proceed to the E-Board in November. However, it was postponed. “We were asked by the Legislative Fiscal Office to move this to January, since there were too many items on this month’s agenda,” she explained. “We do have bonding authority now. The financing capacity for student fees is about $7 million and this project is $3 million. The balance will be used for small projects,” she said.

Ms. McAllister moved and Dr. Aschkenasy seconded the motion to accept the request as submitted. The following voted in favor: Directors Aschkenasy, McAllister, Wustenberg, and Christopher. Those voting no: none.

Board Discussion and Action (December 18, 1998)

Mr. Lussier moved and Mr. VanLuvanee seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.
EXHIBIT A

SEQUENCE OF CONSTRUCTION AND RENOVATION PROJECTS
WOU WERNER UNIVERSITY CENTER

<table>
<thead>
<tr>
<th>Year</th>
<th>GSF Affected</th>
<th>Student Population</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>46,000</td>
<td>1,200</td>
<td>Building completed in October.</td>
</tr>
<tr>
<td>1972</td>
<td>No Change</td>
<td>3,500</td>
<td>Commons converted to the Pacific Room and Coffee Shop. Building is carpeted throughout.</td>
</tr>
<tr>
<td>1986</td>
<td>10,000</td>
<td>2,800</td>
<td>Student gathering center added on lower level. Bookstore expanded and moved to upper level.</td>
</tr>
<tr>
<td>1996-1999</td>
<td>33,900 est.</td>
<td>4,252</td>
<td>Addition and remodel in three phases:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Phase I:</em> Addition of new service areas, plus new food court, and dining room.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Phase II:</em> Remodel and addition to front of building. Expanded bookstore, conference center, and plaza.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><em>Phase III:</em> Scheduled for February 1999. Remaining fire/life safety issues brought up to code. New southwestern entrance to Pacific Room.</td>
</tr>
</tbody>
</table>

AMENDMENT TO
RIVERFRONT RESEARCH PARK GROUND LEASE, 1600 MILLRACE DRIVE, UO

Summary
In May 1992, the Board entered into a long-term ground lease for the property at 1600 Millrace Drive, as part of the University of Oregon Riverfront Research Park in Eugene. Subsequently, an office building was constructed and occupied. Under the terms of the original lease, beginning in year seven, rent was to be calculated based on the value of the property. Through negotiations, both the University and Research Park Associates, Inc., the lessee of the land, have concluded it is in their best business interest to establish a base rental rate to be adjusted each year. They have identified a mutually agreeable annual rent, $54,686, to be adjusted annually based on the Consumer Price Index. The proposed rent method is similar to the method used in the more recent ground lease for 1800 Millrace Dr.,
approved by the Board in 1997. The change in rent calculation method requires changes to the method of determining fair market value in the event of condemnation; these changes are included in the proposed amendment.

Staff Recommendation to the Executive Committee

Staff recommended the Executive Committee authorize the President and Secretary of the Board to sign amendments to the ground lease for the property at 1600 Millrace Drive, in the University of Oregon Riverfront Research Park in Eugene, adjusting the rental method and other resulting changes.

Executive Committee Discussion and Action (November 20, 1998)

Ms. Christopher said that discussion and action on this item was postponed on the agenda, pending the arrival of President Frohnmayer. As his presence was noted, Ms. Christopher asked him for a report.

Mr. Frohnmayer explained that the docket item reflected a simple change to the rental agreement. "If approved, it will be the same type of agreement for the approvals you made to the second agreement. This is not to be compared with the recent report on Riverfront Research Park," he pointed out.

Ms. McAllister asked the amount of the current rent. Ms. Lanier said that it was very nominal to begin with and has gradually grown. "This is the first year we'll have a full rental rate, based on market calculations," she said.

Ms. Christopher asked for an update on the recent Riverfront Research Park review. President Frohnmayer explained, "It is a divisive issue on campus, with a lot of information out there. The Riverfront Research Park did hire a consultant and it was compared to other parks around the country. It is deemed a success. It has competitive advantages, because the fee tied to the land is already owned by the Board/University. The Review Committee did make a number of suggestions regarding development, including possible land swaps with the City of Eugene, increasing the distance of buildings from the river, and greater density. I'd be happy to share those with you at greater length. It is a wonderful example of a process at work."
It was agreed that the findings of the Committee, along with the consultant's report, would be forwarded to Board members for review.

Ms. McAllister moved and Dr. Aschkenasy seconded the motion to approve the Committee's recommendation. The following voted in favor: Directors Aschkenasy, McAllister, Wustenberg, and Christopher. Those voting no: none.

**Board Discussion and Action (December 18, 1998)**

Mr. Lussier moved and Mr. VanLuvianee seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvianee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

**Summary**

At its November 21, 1997, meeting, the Board approved a recommendation from the Board's Investment Committee to request Oregon Investment Council (OIC) approval for changes in investment managers for the equity portion of the Oregon University System's Endowment Fund.

The search for a new equity investment manager(s) was initiated by the Board in April 1996. Since that time, the Investment Committee and Chancellor's Office staff have been working with R.V. Kuhns and Associates, Inc., OUS investment consultants, to evaluate investment managers; conduct interviews with representatives from potential equity management firms; and to recommend three new equity investment managers, after Board approval, to the Oregon Investment Council. The investment managers and funds approved by the Board in November 1997 included:

1. Domestic Equities: Barclays Global Investors (BGI), Alpha Tilt (Enhanced Index) Fund
2. Small-Cap Securities: Becker Capital Management, Small-Cap Equity Fund

The OUS request for a change in investment managers went before the OIC in August 1998. The OIC ratified the recommendation to
divest the equity portion of the OUS Pooled Endowment Fund from the Common Fund and to select new investment fund managers. The OIC approved the Board's recommendation for new domestic and international equities fund managers. However, the OIC replaced the recommended small-cap securities manager, Becker Capital Management Small-Cap Equity Fund, with the BGI Russell 2000 Index Fund. This change was made to address the OIC's goal of providing passive instead of active management for domestic, small-cap investment. Chancellor's Office staff and R.V. Kuhns consultants discussed with the OIC the performance and efficiencies of active versus passive management for the small-cap portion of the equity fund, and the OIC agreed to revisit the issue at a later date.

OIC approval of the Board's recommended asset allocation is a significant and positive milestone. Research indicates that more than 90 percent of an investor's return is attributed to asset allocation. Investment projections performed by R.V. Kuhns during the search for new management firms have been based on market indices rather than manager performance. Thus, despite the OIC's replacement of the small-cap securities manager, the expected return for the portfolio will not change relative to the Investment Committee's original recommendation.

**Investment Committee Recommendation to the Executive Committee**

The Investment Committee recommended that the Executive Committee approve, for immediate implementation, the Oregon Investment Council's approval of new investment managers for the equity portion of the OUS Pooled Endowment Fund as follows — 65 percent to Barclays Global Investors, Alpha Tilt Fund; 20 percent to Barclays Global Investors, Russell 2000 Index Fund; and 15 percent to the T. Rowe Price International Mutual Fund.

**Executive Committee Discussion and Action (November 20, 1998)**

OUS Controller Mike Green distributed an updated recommendation for Board members' review. "It is little more clear in communicating the actual transactions we are asking the Board to approve, although it is essentially the same recommendation," he explained. Following is the recommendation, as clarified by Mr. Green:
The Investment Committee recommended that the Executive Committee ratify, for immediate implementation, the following Oregon Investment Council actions:

- Terminate the OUS Pooled Endowment Fund investment in the Common Fund’s equity account
- Allocate the investment of the proceeds from The Common Fund equity account to new investment managers and funds as follows: the 65 percent large-cap equity allocation to Barclays Global Investors, Alpha Tilts Fund; the 20 percent small-cap equity allocation to Barclays Global Investors, Russell 2000 Index Fund; and the 15 percent international equity allocation to the T. Rowe Price International Mutual Fund.

Ms. Wustenberg said that since the endowment fund is invested in the stock market, it puts the Board in a position where it needs to be monitoring with R.V. Kuhns. “We decided to have quarterly meetings; Mike Green and Bill Anslow will be attending as well,” she remarked.

“If we’re not invested in an index fund, are we saying that we believe that some managers can pick stocks that will achieve better returns than index funds, and that we know who they are?” Dr. Aschkenasy asked.

Mr. Green replied, “With active managers, we are saying that some managers can pick stocks that will achieve better returns than indexing. By evaluating returns over a long period of time, R.V. Kuhns has the expertise to help us select managers with better track records that generally do better than the index. In the specific case of small cap, I think the OIC felt that Becker is more oriented to a certain sector (growth or value). They felt that the risk of putting us into one sector was too great and the Russell 2000 index fund was more broad based. However, both R.V. Kuhns and the Investment Committee felt that Becker would do better than the index.”

“Might the OIC revisit this issue?” asked Ms. McAllister. Mr. Green replied in the affirmative. “The OIC did leave it open for reconsideration. The OIC consultants also recommended that we index the international allocation. I found that interesting since the international market is very inefficient and many managers can beat the international index. We were fortunate that we were allowed to go with our original recommendation in the international sector.”
Dr. Aschkenasy moved and Ms. McAllister seconded the motion to approve the Committee's recommendation. The following voted in favor: Directors Aschkenasy, McAllister, Wustenberg, and Christopher. Those voting no: none.

Board Discussion and Action (December 18, 1998)

Mr. Lussier moved and Mr. VanLuvanee seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

At its July 1998 meeting, the Board of Higher Education approved a new Board meeting format, which included provisions for a 30-minute public input session. An amendment to Oregon Administrative Rule 580-001-0000, Appearances Before the Board, was necessary before the new method of receiving public comment could be initiated.

As part of the process, legal counsel suggested that Bylaws pertaining to the Board’s Order of Business be amended as well, to better reflect the modified agenda. Greater specificity regarding public input will be written into the Bylaws as opposed to the Rule, thereby allowing for more expeditious modifications in the future, as the Board deems necessary.

In order for the Board to receive public comment at the December 18, 1998, meeting, a Temporary Rule was approved by the Board on October 16, 1998, and the amendment was filed with the Secretary of State’s Office immediately thereafter.

Summary of Testimony Received

A public hearing on the amendment was conducted on Wednesday, November 18, 1998, from 9-10 a.m., in Room 121 of Susan Campbell Hall, on the UO campus. No one attended the public hearing, nor did anyone submit written testimony.

The revised Rule is submitted as follows (bracketed text denotes deletions; bold text denotes additions):
Appearances Before the Board

580-001-0000 Individuals and representatives of organizations desiring to appear before the Board to present any matter concerning higher education may do so, consistent with procedures [shall file a written request stating the purpose of the appearance and naming explicitly the person or persons who desire to speak to the Board. The Board may establish procedures for public input at Board meetings] established by the Board in its Bylaws. [The written request shall be delivered to the Board Secretary at least seven days before the meeting at which the matter is proposed to be heard. If the request is granted by the Board President, conditions of the appearance may be imposed. If written materials are to be submitted for Board consideration, 25 copies thereof shall be furnished for consideration by the Board.]

Staff Recommendation to the Board

Staff recommended that the Board approve the amendments to OAR 580-001-0000, Appearances Before the Board.

Board Discussion and Action

Dr. Aschkenasy moved and Mr. Lussier seconded the motion to approve the Administrative Rule amendment as submitted. On a roll call vote, the following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvianee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

OAR

580-040-0040,
AMENDMENT
TO ACADEMIC
YEAR FEE
BOOK, 1998-99

Staff Report to the Board

On July 16, 1998, the Board adopted OAR 580-040-0040, the 1998-99 Academic Year Fee Book. Due to a clerical error, fee schedules for the University of Oregon Law School did not reflect all of the intended and publicly discussed increases that are comparable to those charged to other students enrolled in the institution. To correct that error, the Board was required to amend the Rule, revising the Technology, Matriculation, Incidental, and Health Service fees for Law School students. The Instruction, Study Resource, Building and Recreation Center fees were correct as adopted on July 16, 1998.
Fall semester for the Law School began August 17, 1998. So that correct fees can be assessed for fall semester, the Executive Committee, authorized by the Board's Bylaws to act for the Board on minor and emergency matters, adopted the amendment as a Temporary Rule at a meeting on August 21, 1998. Staff immediately began the process to make the correction by Permanent Rule but to allow time for notice requirements, formal adoption of the Permanent Rule could not occur until the Board's December meeting.

The Law School operates on a semester basis, while the remainder of UO's programs operate on a quarter basis. It has been a long-standing practice to set Law School fees at 150 percent of the per term rates for other UO programs, so that all UO students pay comparable fees on an annual basis.

Schedule 1 displays the four Law School fees requiring amendment. The schedule compares the 1997-98 fees with those originally adopted on July 16, 1998, and as they would be amended by this Board action. The total revenue to be generated through the increase of these four fees is estimated at approximately $54,000 per year.

<table>
<thead>
<tr>
<th>Schedule 1</th>
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<tbody>
<tr>
<td>UO Law School Amended Fees</td>
</tr>
<tr>
<td>1998-99</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1997-98 Annual Rate</th>
<th>1998-99 Annual Rate Originally Adopted</th>
<th>1998-99 Annual Rate as Amended</th>
<th>% Change Amended Fees Over 97-98</th>
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</thead>
<tbody>
<tr>
<td>Technology</td>
<td>$150.00</td>
<td>$150.00</td>
<td>$195.00</td>
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<td>Matriculation</td>
<td>$0.00</td>
<td>$30.00</td>
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<tr>
<td>Incidental</td>
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<td>$443.00</td>
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<td>6.94%</td>
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<tr>
<td>Health</td>
<td>$240.00</td>
<td>$240.00</td>
<td>$243.00</td>
<td>1.25%</td>
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</table>

Schedule 2 compares the UO per quarter rates as approved on July 16 and published in the 1998-99 Fee Book, to the Law School rates as they would be by this action.
Schedule 2
Comparison of UO Fees on a Per Quarter Basis to Amended Law School Fees on a Per Semester Basis for 1998-99

<table>
<thead>
<tr>
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<th>UO General Institution</th>
<th>UO Law School</th>
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<tr>
<td></td>
<td>Per Quarter Rate</td>
<td>1998-99 Annual Rate</td>
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<td>Technology</td>
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<tr>
<td>Matriculation</td>
<td>$15.00</td>
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<td>Incidental</td>
<td>$157.75</td>
<td>$473.25</td>
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<td>Health</td>
<td>$81.00</td>
<td>$243.00</td>
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</table>

Schedule 3 compares the total Law School tuition for 1997-98 with the amended 1998-99 total.

Schedule 3
UO Law School Amended Total Tuition 1997-98 and 1998-99

<table>
<thead>
<tr>
<th></th>
<th>1997-98 Annual Rate</th>
<th>1998-99 Annual Rate as Amended</th>
<th>% Change Amended Fees Over 97-98</th>
</tr>
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<tr>
<td>Resident</td>
<td>$10,050</td>
<td>$10,330</td>
<td>2.79%</td>
</tr>
<tr>
<td>Nonresident</td>
<td>$13,688</td>
<td>$14,078</td>
<td>2.85%</td>
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Summary of Testimony Received

A public hearing on the amendment to the 1998-99 Academic Year Fee Book was conducted on Wednesday, November 18, 1998, from 10-11 a.m., in Room 111 of Susan Campbell Hall, on the UO campus. No one attended the public hearing, nor did anyone submit written testimony.
Recommendation to the Board

Staff recommended that the Board adopt the Rule amending page 66 of OAR 580-040-0040, 1998-99 Academic Year Fee Book as follows (brackets indicate fees as adopted July 16; underlined text denotes the proposed fees):

Board Discussion and Action

Vice Chancellor Anslow briefly reviewed the reason for the requested amendment. Mr. Koch stated that he would vote in favor of the amendment, since it was simply to revise a clerical error, but remained opposed to the increases and adoption of fees in general.

Ms. Wustenberg moved and Mr. Lussier seconded the motion to approve the Administrative Rule amendment as submitted. On a roll call vote, the following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. The following voted no: none.
### UNIVERSITY OF OREGON LAW SCHOOL Required Fees
#### Internal Distribution for 1998-99 Academic Year Per Semester

<table>
<thead>
<tr>
<th>Law School</th>
<th>Instruction Fee</th>
<th>Study Resources Fee</th>
<th>Technology Fee</th>
<th>Building Fee</th>
<th>Rec Center Fee</th>
<th>Matriculation Fee</th>
<th>Incidental Fee</th>
<th>Health Service Fee</th>
<th>Total Charges</th>
</tr>
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<td></td>
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<td>Nonresidents</td>
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<td>Nonresident</td>
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<td>9-16 Credit Hours</td>
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<td>$1,950.00</td>
<td>$1,950.00</td>
<td>$75.00</td>
<td>$37.50</td>
<td>$23.00</td>
<td>$15.00</td>
<td>$221.50</td>
</tr>
<tr>
<td><strong>Part-Time (Degree Students)</strong></td>
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<tr>
<td>1 Credit Hour</td>
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<td>14.00</td>
<td>11.00</td>
<td>15.00</td>
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<td>2 Credit Hours</td>
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<td>17.00</td>
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<td>3 Credit Hours</td>
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<td>6 Credit Hours</td>
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<td>1,320.00</td>
<td>1,320.00</td>
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<td>29.00</td>
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<tr>
<td>Each Additional Hour</td>
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*Except for 1st term attendance where Matriculation Fee is $50.

### Proposed Fees
#### UNIVERSITY OF OREGON LAW SCHOOL Required Fees
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<td></td>
</tr>
</tbody>
</table>

*Except for 1st term attendance where Matriculation Fee is $50.*
Staff Report to the Board

The 1999 Summer Session begins in June, prior to the start of the new 1999-00 fiscal year. Summer session program planning, enrollment, and recruitment begins in the early spring and, therefore, it was necessary to adopt a fee schedule well in advance of the term. Historically, the Board has approved summer session fees in January. Given that the program begins prior to the start of the new fiscal year, the policies governing summer session tuition and fees are proposed to be the same as in 1998. As a result of these time constraints and the anticipated move to the new Resource Allocation Model in July 1999, any policy changes affecting summer session tuition and fees due to the new model would not go into effect until the year 2000.

The proposed fee rates and policies are set forth in the accompanying Fee Book schedules. A public hearing on proposed fees was held on November 18, 1998; however, no one attended the hearing, nor was any written testimony submitted.

Under existing policy (initiated in 1982) summer session instructional costs are to be funded entirely with fee revenues generated during the summer term. As a result, institutions are required to propose fee rates and estimate summer session enrollments so that sufficient revenue will be generated to cover direct costs (faculty salaries, instructional support staff, classroom supplies and expenses, etc.). This practice differs from the academic year (fall, winter, and spring terms) whereby resident undergraduate instruction fee rates remain at 1996-97 levels. Therefore, the individual institutional fee recommendations reflect requirements to cover program costs based on estimated attendance.

The proposed summer fee rates are reviewed to test for reasonableness (inflationary cost increases, changes in minimum wage) and in those cases where the fee revenue provides student services and student life activities, the staff reviews the proposal to ensure that it was endorsed by student government or through student referendum. The staff believes that each proposed fee meets this test and warrants the favorable action of the Board.

Tuition represents the mandatory enrollment charges assessed to all students in the summer session program of Oregon University System institutions. Tuition is comprised of the following separately established fees: Instruction, Resource, Building, Incidental, and
Health Service. The revenue generated by each tuition element is dedicated to a specific purpose, independent of the other components.

**Instruction Fees:** Instruction fees support the direct instruction and administrative costs of each institution’s summer session program. The recommendations are summarized on Schedule 1. To determine the recommended instruction fee rates, institutions must balance the fiscal requirements of their summer session operating costs with market considerations such as tuition rates of competing education providers. Although there was considerable notice about the legislature’s action to freeze the instruction fee for academic year resident undergraduate students, that tuition relief was made possible by offsetting state general fund support. The direct cost support policy of summer session program requires that the program be “self-supporting.” Regardless, most institutions are recommending small or no increase in this year’s summer instruction fees.

**Building Fee:** The building fee is the same for all institutions. The rate of $19 per student for 1999 is the same as in 1998. This fee generates monies to finance the debt retirement for construction associated with student centers, health centers, and recreational facilities constructed through the issuance of Article XI-F(1) bonds. The rate assessed during the academic year is set by the Legislature through ORS 351.170. In July 1996, the Board was presented with a proposal to increase this fee as part of the submission of the 1997-1999 Capital Construction Budget Request. Subsequently, the 1997 Legislature approved the Board’s request to authorize an increase in the academic year student building fee to $25.00. Historically, the building fee charge for summer session has been approximately 80 percent of the academic year rate.

**Resource Fee:** Resource fee changes recommended by the institutions are described below and shown on Schedule 2. Resource fees provide funds for specific programs in order to pay for special resource materials, equipment, and specialized services. The fees are assessed only to targeted student populations admitted to, or generally understood to be enrolled in, specific programs. Students enrolled under the part-time student fee policy are subject to the resource fees appropriate to specific courses taken. The Technology Resource fee is assessed to all students. Resource fees may be proposed by institutions for approval by the Board. Summer session operations have been exempt from the academic year policy.
restricting the estimated income of all such fees to be no more than five percent of Education and General budgeted resources, exclusive of institution-specific income.

**Incidental Fee:** Incidental fee changes are described below for each institution and summarized on Schedule 3. Incidental fee recommendations are generally made by student committees in accordance with a Board-approved incidental fee policy (OAR 580-010-0090) on each campus. In some instances the student committee recommendations are supported by general campus student referenda. The funds generated by this fee are to be used for “student union activities; educational, cultural, and student government activities, and athletic activities.” The president of each institution reviews the student committee recommendations. Once satisfied with each proposal, presidents submit recommendations to the Chancellor, who, after review, submits proposals to the Board. There are fewer incidental fee supported activities during the summer term, resulting in significantly lower rates than those assessed during the academic year.

**Health Service Fee:** Institution recommendations for health service fees are described for each institution below and summarized on Schedule 4. This fee is used to support each institution’s student health services, which are operated as auxiliary services. Generally, rate increases reflect the institutions’ efforts to maintain the self-support nature of these services. Optional health insurance policies are also made available by some institutions. During summer sessions, student health services operations are generally offered at reduced levels or not provided at all. The recommended rates reflect these levels of service.

**Total Tuition:** The total tuition rates for each institution compared to the 1998 summer session are summarized on Schedule 5. This is the sum of instruction, technology/resource, building, incidental, and health services fees.

**Institutional Recommendations:** The following are explanations for each institution’s generated fee recommendation. Each of these proposals has been reviewed by the Chancellor’s Office staff. In some cases, institution proposals were returned to the institution for further review and justification. Each of these fee proposals have met the criteria outlined at the beginning the summary.
Eastern Oregon University
Total summer session tuition at EOU is increasing 0.2 percent for undergraduate and 0.4 percent for graduate students over the 1998 summer rates. EOU is increasing incidental fees.

The incidental fee is being increased by $2, or 6.7 percent. The fee is $32. This increase is required to cover increases in the minimum wage rates and inflation.

EOU is recommending that the instruction and technology resource fees remain at 1998 rates. Health services are not provided during summer session and therefore no fee is assessed.

Oregon Institute of Technology
Total tuition at OIT is remaining the same as in 1998.

OIT is recommending that all of its fees remain at the 1998 rates. Health services are not provided during summer session and therefore no fee is assessed.

Oregon State University
Total tuition at OSU is increasing 1.8 percent for undergraduate and 1.5 percent for graduate students over the 1998 summer rates. OSU is recommending increases in its incidental and health service fees.

The incidental fee is being increased by $6 or 13.5 percent for the first credit hour. The per credit hour increment for each additional hour is remaining the same as in 1998 at $5 per credit hour. This fee is graduated to a maximum of $85.50 above seven credit hours, which is 7.5 percent over the maximum rate for 1998. The summer session proposal is related to the incidental fee increase approved for the 1998-99 academic year, principally to fund program service improvements.

The health service fee is being increased by 20 percent from $65 to $78. This increase continues funding of counseling services initially added in the 1998-99 Academic Year and will additionally be used to sustain health services operations at present levels in response to rising operating costs.

Portland State University
Total tuition at PSU is increasing 0.5 percent for resident undergraduate and 10.7 percent for resident graduate students over
the 1998 summer rates. PSU is recommending increases in its graduate instruction and health services fees, and the addition of non-resident surcharges.

The instruction fee for graduate students is being increased by $14.50 or 8.6 percent for the first credit hour and 12 percent for each additional credit hour. In comparing summer session graduate instruction fees with the academic year graduate instruction fees, PSU determined that it was offering significant discounts in the summer and planned to gradually close the gap. This increase, along with PSU's other proposed increases, brings its nonresident summer tuition to 46.8 percent of its academic year rate, compared to 43.1 percent of the academic year rate for UO nonresidents. (Refer to Schedule 6.)

The health services fee is being increased by 20 percent from $25 to $30. PSU determined it had been subsidizing summer session health service operations from academic year income and, by increasing this fee, will bring the summer operation closer to a self-sustaining basis.

PSU is recommending that its undergraduate instruction, technology resource, and incidental fees remain at the 1998 rates.

**Southern Oregon University**

Total tuition at SOU is increasing 9.1 percent for undergraduate and 6.8 percent for graduate students over the 1998 summer rates. SOU is recommending increases in its instruction and health services fees.

The instruction fee is being increased for the first credit hour by 12.7 percent for undergraduates and 9.7 percent for graduate students. Incremental rates for credit hours above the first are increasing by 10.2 percent for undergraduates and 7.1 percent for graduate students. These increases are necessary to accommodate labor cost increases.

The health services fee is being increased 5 percent from $40 to $42. This is directly related to the approved increase in 1998-99 academic year and the desire to keep a consistent ratio between summer session and the academic year rates. The academic year increase was the result of faculty and staff salary increases and other operating cost increases.
SOU is recommending that its technology resource and incidental fees remain at the 1998 rates.

**University of Oregon**
Total tuition at UO is increasing 2.5 percent and 3.2 percent for resident undergraduate and graduate students respectively; 6.1 percent and 5.6 percent for nonresident undergraduate and graduate students respectively; and 1.9 percent and 3.4 percent for resident and nonresident law students respectively, over the 1998 summer rates. UO is recommending increases in its instruction, nonresident resource, and health services fees. UO is also proposing an increase in the law nonresident surcharge.

The instruction fee is being increased for the first credit hour by 2 percent for undergraduate, 2.7 percent for graduate, and 2.6 percent for law students. Incremental rates for credit hours above the first are increasing by 2.7 percent for undergraduates, 3.5 percent for graduates, and 2.6 percent for law students. These increases are necessary to accommodate faculty and staff salary cost increases and other costs of operation.

The nonresident surcharge resource fee is increasing 16.7 percent from $30 to $35. This fee is being increased to further close the gap between academic year and summer session rates.

The health services fee is being increased by $2 or 3.6 percent as a result of labor increases and other costs of operation.

UO is recommending that its technology resources and incidental fees remain at the 1998 rates.

**Western Oregon University**
Total tuition at WOU remains the same for undergraduate and increases 2.1 percent for graduate students over the 1998 summer rates. WOU is recommending increases in its graduate instruction fees.

The graduate instruction fee is being increased for the first credit hour by 2.1 percent. Incremental rates for credit hours above the first are increasing by 2.7 percent for graduate students.

WOU is recommending that its technology resource, incidental, and health services fees remain at the 1998 rates.
### Schedule I

**Instruction Fees - Summer Session 1999**

<table>
<thead>
<tr>
<th>Instruction Fee</th>
<th>1998 First Hour</th>
<th>1998 Each Hour</th>
<th>1999 First Hour</th>
<th>1999 Each Hour</th>
<th>Percent Diff First Hour</th>
<th>Percent Diff Each Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Undergraduate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOU</td>
<td>73.00</td>
<td>73.00</td>
<td>73.00</td>
<td>73.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>OIT</td>
<td>89.00</td>
<td>64.00</td>
<td>89.00</td>
<td>64.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>OSU</td>
<td>103.50</td>
<td>71.00</td>
<td>103.50</td>
<td>71.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>PSU</td>
<td>122.00</td>
<td>69.00</td>
<td>122.00</td>
<td>69.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>SOU</td>
<td>102.00</td>
<td>59.00</td>
<td>115.00</td>
<td>65.00</td>
<td>12.75%</td>
<td>10.17%</td>
</tr>
<tr>
<td>UO</td>
<td>101.00</td>
<td>75.00</td>
<td>103.00</td>
<td>77.00</td>
<td>1.98%</td>
<td>2.67%</td>
</tr>
<tr>
<td>WOU</td>
<td>104.00</td>
<td>72.00</td>
<td>104.00</td>
<td>72.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Graduate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOU</td>
<td>112.00</td>
<td>112.00</td>
<td>112.00</td>
<td>112.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>OSU</td>
<td>152.50</td>
<td>120.00</td>
<td>152.50</td>
<td>120.00</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>PSU</td>
<td>169.50</td>
<td>117.00</td>
<td>184.00</td>
<td>131.00</td>
<td>8.55%</td>
<td>11.97%</td>
</tr>
<tr>
<td>SOU</td>
<td>155.00</td>
<td>112.00</td>
<td>170.00</td>
<td>120.00</td>
<td>9.68%</td>
<td>7.14%</td>
</tr>
<tr>
<td>UO</td>
<td>147.00</td>
<td>116.00</td>
<td>151.00</td>
<td>120.00</td>
<td>2.72%</td>
<td>3.45%</td>
</tr>
<tr>
<td>UO Law</td>
<td>192.00</td>
<td>190.00</td>
<td>197.00</td>
<td>195.00</td>
<td>2.60%</td>
<td>2.63%</td>
</tr>
<tr>
<td>WOU</td>
<td>144.00</td>
<td>112.00</td>
<td>147.00</td>
<td>115.00</td>
<td>2.08%</td>
<td>2.68%</td>
</tr>
</tbody>
</table>

*OIT offers no graduate courses summer term*
### Schedule 2

#### Resource Fees - Summer Session 1999

<table>
<thead>
<tr>
<th>Institution</th>
<th>1998</th>
<th>1999</th>
<th>Percent Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Hour</td>
<td>Each</td>
<td>First Hour</td>
</tr>
<tr>
<td>EOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Fee - All</td>
<td>4.00</td>
<td>4.00</td>
<td>*</td>
</tr>
<tr>
<td>OIT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Fee - All</td>
<td>2.00</td>
<td>2.00</td>
<td>*</td>
</tr>
<tr>
<td>OSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Fee - All</td>
<td>16.00</td>
<td></td>
<td>*</td>
</tr>
<tr>
<td>PSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Fee - All</td>
<td>3.00</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>SOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Fee - All</td>
<td>2.00</td>
<td>2.00</td>
<td>*</td>
</tr>
<tr>
<td>UO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech. Fee - All</td>
<td>30.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Nonresident</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/R - Law surcharge</td>
<td>30.00</td>
<td>30.00</td>
<td></td>
</tr>
<tr>
<td>Gen Resrc Law</td>
<td>68.00</td>
<td>68.00</td>
<td></td>
</tr>
<tr>
<td>WOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Fee - All</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
</tr>
</tbody>
</table>


OSU rate $16 1-4 credit hours, $31 above 4 credit hours.

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### Schedule 3

**Incidental Fees - Summer Session 1999**

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th></th>
<th>1999</th>
<th></th>
<th>Percent Diff</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Hour</td>
<td>Each Add'l</td>
<td>First Hour</td>
<td>Each Add'l</td>
<td>First Hour</td>
<td>Each Add'l</td>
</tr>
<tr>
<td>EOU</td>
<td>30.00</td>
<td>0.00</td>
<td>32.00</td>
<td>0.00</td>
<td>6.67%</td>
<td></td>
</tr>
<tr>
<td>OIT</td>
<td>31.00</td>
<td>0.00</td>
<td>31.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>OSU</td>
<td>44.50</td>
<td>5.00</td>
<td>50.50</td>
<td>5.00</td>
<td>*13.48%</td>
<td>0.00%</td>
</tr>
<tr>
<td>PSU</td>
<td>50.00</td>
<td>0.00</td>
<td>50.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>SOU</td>
<td>32.00</td>
<td>0.00</td>
<td>32.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>UO</td>
<td>27.00</td>
<td>0.00</td>
<td>27.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
<tr>
<td>WOU</td>
<td>38.00</td>
<td>0.00</td>
<td>38.00</td>
<td>0.00</td>
<td>0.00%</td>
<td></td>
</tr>
</tbody>
</table>

* Up to 79.50; * Up to $85.50

### Schedule 4

**Health Service Fees - Summer Session 1999**

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>Percent Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSU</td>
<td>65.00</td>
<td>78.00</td>
<td>20.00%</td>
</tr>
<tr>
<td>PSU</td>
<td>25.00</td>
<td>30.00</td>
<td>20.00%</td>
</tr>
<tr>
<td>SOU (9 hrs or more)</td>
<td>40.00</td>
<td>42.00</td>
<td>5.00%</td>
</tr>
<tr>
<td>UO</td>
<td>55.00</td>
<td>57.00</td>
<td>3.64%</td>
</tr>
<tr>
<td>WOU (6 hrs or more)</td>
<td>28.00</td>
<td>28.00</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Total Compared to Summer Session 1998

The following schedule compares rates for summer session 1998 to summer session 1999.
### Schedule 5

#### Total Tuition - Summer Session 1999

<table>
<thead>
<tr>
<th>Total Tuition</th>
<th>12 Credit Hours - Undergraduate</th>
<th>9 Credit Hours - Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>975.00</td>
<td>977.00</td>
</tr>
<tr>
<td>OIT</td>
<td>867.00</td>
<td>867.00</td>
</tr>
<tr>
<td>OSU</td>
<td>1,079.00</td>
<td>1,098.00</td>
</tr>
<tr>
<td>PSU Res.</td>
<td>1,011.00</td>
<td>1,016.00</td>
</tr>
<tr>
<td>PSU Nonr.</td>
<td>1,011.00</td>
<td>1,376.00</td>
</tr>
<tr>
<td>SOU</td>
<td>866.00</td>
<td>945.00</td>
</tr>
<tr>
<td>UO Res.</td>
<td>1,057.00</td>
<td>1,083.00</td>
</tr>
<tr>
<td>UO Nonr.</td>
<td>1,417.00</td>
<td>1,503.00</td>
</tr>
<tr>
<td>WOU</td>
<td>1,005.00</td>
<td>1,005.00</td>
</tr>
<tr>
<td>UO Law Res.</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>UO Law Nonr.*</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

**Total Tuition Compared to Preceding Academic Year**

Rate structures for summer session have developed as institutions adapted to direct cost support following the 1982 elimination of General Fund support of summer session. The effect of direct cost support on fees and assessments can be measured to some extent by comparison with academic year charges. The summer session rates proposed for 1999 and 1998-99 academic year resident rates, except for the University of Oregon and Portland State University as noted, are compared on the following schedule:
### Schedule 6

#### Academic Year Term to Summer Session

<table>
<thead>
<tr>
<th></th>
<th>Resident 12 Credit Hours - Undergraduate</th>
<th>Resident 9 Credit Hours - Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Tuition</strong></td>
<td><strong>Summer 1999</strong></td>
<td><strong>Acad.Term 1998-99</strong></td>
</tr>
<tr>
<td>EOU</td>
<td>977.00</td>
<td>1,091.00</td>
</tr>
<tr>
<td>OIT</td>
<td>867.00</td>
<td>1,103.00</td>
</tr>
<tr>
<td>OSU</td>
<td>1,096.00</td>
<td>1,183.00</td>
</tr>
<tr>
<td>PSU Res.</td>
<td>1,016.00</td>
<td>1,146.00</td>
</tr>
<tr>
<td>PSU Nonr.</td>
<td>1,376.00</td>
<td>3,771.00</td>
</tr>
<tr>
<td>SOU</td>
<td>945.00</td>
<td>1,066.00</td>
</tr>
<tr>
<td>UO Res.</td>
<td>1,083.00</td>
<td>1,257.00</td>
</tr>
<tr>
<td>UO Nonr.</td>
<td>1,503.00</td>
<td>4,185.00</td>
</tr>
<tr>
<td>WOU</td>
<td>1,005.00</td>
<td>1,066.00</td>
</tr>
<tr>
<td>UO Law Res.*</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>UO Law Nonr.*</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

*The Law School amounts are stated in per term rates, although the academic year is on the semester basis.

Tuition rates are not fully comparable. The academic year rates apply to a range of credit hours designated for full-time students classified as residents (12-18 credit hours for undergraduates and 9-16 credit hours for graduates). Summer session rates displayed are for 12 undergraduate credit hours and nine graduate credit hours. Additional summer credit hours require incremental charges. Also, incidental and health service levels differ from academic year to summer.

### Room and Board Rates

Summer Session room and board accommodations on each campus vary according to the need and demand. They may include rates by day, week, multi-week, or term. A combined room and board rate is usually offered, as well as rates for room only, board only, and conference activities. Rates are generally comparable to those for individual terms of the academic year. Student housing facilities operate as auxiliary enterprises and are to be wholly self-supporting.

The rates shown in the tables in the fee book are for all campuses except Portland State University, where College Housing Northwest,
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Inc., operates the residence halls and establishes the rates as specified in a service contract. The rates require preliminary review and approval by Portland State University officials before becoming effective.

Proposed rate increases from Summer Session of 1998 to 1999, summarized in Schedule 7, generally vary from -1.2 percent to 9.1 percent for a basic housing package. These and the other institutions’ rate changes are consistent with rates for the preceding academic year. They are based on anticipated cost increases for labor, utilities, services, food, and debt service pool, as well as some facilities improvement and expansion of services available to residents.

Comparison of Basic Residence Hall Rates Summer 1998 to 1999

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

Schedule 7

Selected Housing Rates - Summer Session 1999

<table>
<thead>
<tr>
<th>Institutional Contract Type</th>
<th>1998</th>
<th>1999</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU Per Night - Single (room only)</td>
<td>11.00</td>
<td>13.00</td>
<td>18.18%</td>
</tr>
<tr>
<td>OIT Eight Week - Double (Room Only)</td>
<td>446.00</td>
<td>454.00</td>
<td>1.79%</td>
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<td>OSU Eight Week - Double</td>
<td>1,096.00</td>
<td>1,176.00</td>
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<td>1,056.00</td>
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<tr>
<td>UO Eight Week - Multiple</td>
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<td>957.32</td>
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<td>WOU Six Week - Per Person</td>
<td>788.78</td>
<td>804.60</td>
<td>2.01%</td>
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Public Hearing

A hearing was conducted on November 18, 1998, at 10 a.m., in Room 121 of Susan Campbell Hall on the University of Oregon Campus concerning the 1999 Summer Session Fee Book. No testimony was presented at the hearing, nor was any written testimony submitted.
Staff Recommendation to the Board

After consideration of any comments or testimony received at the public hearing, it was recommended that the Board amend OAR 580-040-0035 as follows:

OAR 580-040-0035 The document entitled "Summer Session Fee Book," dated December 18, 1998, is hereby adopted by reference as a permanent rule. All prior adoptions of summer session fee documents are hereby repealed except as to rights and obligations previously acquired or incurred thereunder.

Through the amendment, the residence hall and food service charges and the tuition and fee rates and policies applicable during the 1999 Summer Session will be adopted.

Board Discussion and Action

Vice Chancellor Anslow explained that the summer session activity actually straddles the current fiscal year as well as the new fiscal year. "The majority of the fee changes that are proposed are driven by inflationary trends, which are what the campuses feel are necessary to cover these costs," Mr. Anslow said.

In further outlining fee changes, Mr. Anslow noted some increases for non-resident students at PSU. "The idea is to bring the nonresident rates and resident rates more into line. There aren't a lot of nonresidents that attend in the summer session. The revenues that will be generated would cover labor costs, and by the virtue of doing this increase on the nonresident side, PSU has been able to recommend keeping the resident rates down."

Continuing, Mr. Anslow said, "I would ask you to notice that in many cases in the summer session, campuses compete in various markets for students, and therefore they made an effort in 1999 to keep their rates down. You don't see very many significant rates increases, except for the kinds of issues that I've already mentioned: labor costs and/or balancing between nonresidents and residents."

Mr. VanLuvanee asked for a confirmation that the primary difference was between in-state and out-of-state students. Vice Chancellor
Anslow explained that in the case of PSU, there was a significant increase in the out-of-state rate. "There aren't a lot of out-of-state students that attend summer session. The idea was to try to generate revenue to the extent that they could cover their costs," he said.

"Could I infer that the campuses that maintain costs have a higher percentage of out-of-state students?" asked Mr. VanLuvanee.

"Except for OSU, PSU, and UO," said Mr. Anslow, "there aren't a lot of out-of-state students attending in the summer session. What the other campuses have tried to do is keep the summer sessions below tuition rates for regular programs. They're able to keep the fund balance for summer session operations so that they can use their fund balance to keep rates down. Unlike the rate increases for the academic year, where the Board takes it up and they're uniform, summer session programs are driven by market conditions, and they're trying to deal with the lowest possible rates," the vice chancellor pointed out.

Mr. Anslow continued, "I think under the new budget model, the summer session attitudes will spread to the entire campus. I think we will also have extended credit, or continuing education kinds of activities that function in same way. I think you're going to see the melding of management, and some of the principles of entrepreneurial activity being put into play for entire campus operations rather than separate pricing individual things like residence halls, summer sessions, and continuing education."

Ms. Christopher moved and Mr. Willis seconded the motion to approve the Administrative Rule amendment as submitted. On a roll call vote, the following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

A $2 million NASA facilities grant to the Oregon State University College of Oceanic and Atmospheric Sciences (COAS) will permit OSU to add two stories (about 8,000 gross square feet) to an existing small building, Burt Hall, housing one of the world's premier marine science information centers. Ranked among the top five such programs in the nation, COAS was selected as one of the university
participants in NASA’s Earth Observing System (EOS) project, analyzing data about the southern oceans. The total project cost of $2.2 million will include $200,000 of building use credits generated by indirect cost recovery from sponsored projects.

Staff Report to the Board

Oregon State University’s College of Oceanic and Atmospheric Sciences (COAS) is one of the nation’s leading research programs for oceanographic and atmospheric research. In 1993, the Board granted approval for a ground floor addition to Burt Hall, to house the COAS Environmental Computing Center. Within that space, COAS now houses seven supercomputers capable of analyzing vast amounts of data generated by satellites, remote sensors, and other computers. Some 350 computer workstations are in COAS, with peripherals linked through an optical-fiber network to a massive parallel Thinking Machines Corporation CM-5 supercomputer, a Silicon Graphic parallel supercomputer, a Sun parallel supercomputer, and a new SP2 parallel supercomputer recently donated by IBM.

This computing configuration is necessary to manage the huge data sets and to develop elaborate models of global weather and ocean patterns, particularly for the southern oceans of the world, as part of NASA’s Earth Observation System (EOS) Global Change Research Program. To date, COAS faculty and graduate students have developed two new oceanographic models, one that significantly improves the ability to predict tidal actions, the other that more accurately mimics global ocean circulation.

As additional EOS satellites are launched in the coming years, the data rates and quantities will soar. New space is needed to handle the additional work requirements. NASA’s facilities grant will support the construction of an additional two floors to be built above the 1993 addition, which was designed to support the extra weight. The new space will include additional workstations, data paths to connect them to the supercomputers, and special laboratories. These state-of-the-art facilities for graduate education and research are essential for the College’s participation in the EOS and other projects.

The work of the College is supported by NASA, and by the Office of Naval Research, the National Oceanic & Atmospheric Administration, and the National Science Foundation. In addition, there are ongoing
partnerships with such firms as IBM, which donated a series of high performance supercomputers; Sun Microsystems, which supports research in advanced networking and high performance; and Hewlett Packard, which supports research on high end visualization. 

This $2.2 million project was not included in the 1999-00 capital construction program for OSU as it was uncertain if the federal funding would be appropriated. Total project cost was projected at $2.2 million for the addition, of which $2 million will be covered by the NASA grant and $200,000 from available building use credits generated from indirect cost recovery of sponsored research at the University.

Staff Recommendation to the Board

Staff recommended the Board approve the Environmental Computing Center Addition to Burt Hall and authorize the Vice Chancellor for Finance and Administration to seek authorization from the Emergency Board for an Other Funds expenditure limitation of $2.2 million for the project.

Board Discussion and Action

Mr. VanLuvanee moved and Mr. Lussier seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

Oregon State University sought Board approval to replace the synthetic turf in Parker Stadium with a natural grass field laid over a new sub-grade drainage and irrigation system. As the turf is the oldest in the Pac-10 Conference, it is frayed and slippery and is becoming a safety concern. The new project, as planned, will completely remove the artificial turf, excavate the site, install appropriate subsurface drainage as well as automatic irrigation, and plant new sod.

Rebuilding the field and installing new artificial turf is an alternative that might prove more cost efficient and provide a higher quality playing surface. OSU is examining the relevant issues and costs, and
will choose one of these two options. For the natural sod option, the $1.4 million project, plus contingency, will be entirely funded by gifts restricted solely for this use. The estimated annual operating and maintenance costs of $200,000 will also be gift-funded. A similar amount of gift funds would be set aside annually to support future replacement of artificial surface.

Staff Report to the Board

Parker Stadium currently has the oldest synthetic turf playing surface in the Pac-10 Conference. Over the years, since its installation in 1984, the turf has deteriorated substantially. It has become a safety concern due to its lack of resilience, compaction of the surface and frayed seams, which can lead to injuries. In addition, poor drainage, coupled with a hard undersurface, has led to puddles forming on the surface, increasing the chance of athletes accidentally slipping and falling.

OSU has selected a natural grass field to replace the turf; the new field is expected to provide a softer, less abrasive playing surface. The University has selected a professional engineering firm that specializes in athletic facilities to design the grass field. The engineer’s proposal specifies the technical work that must be done. First, the entire football field must be excavated and new pumping systems installed, because the field is subject to a high water level. A mixture of sand and gravel must be laid for drainage and an irrigation system installed. New sod must then be set down over a silty base. This infrastructure element comprises about two-thirds of the total project cost. Despite these plans, the engineers have cautioned OSU that excavation may reveal subsurface conditions that may require OSU to expend a special contingency of $400,000.

OSU’s Athletic Department has considered this project a high priority for several years and the new field is expected to enhance Oregon State’s recruiting opportunities. The University plans to begin in late winter and complete the installation of the sod by spring 1999. The field should be ready for practice by late summer.

Funding for the project is via $1.4 million of gifts and gifts-in-kind, of which approximately $1.1 million has been raised to date. The special contingency, if needed, would be provided via the foundation. Therefore, OSU is establishing a reserve fund, funded by gifts and gifts-in-kind, to pay for the regular maintenance and future
replacement of the field, estimated at $200,000 per year. Pending Board and Emergency Board approvals and completion of successful fund raising, the campus will proceed to bid the project and proceed with construction.

Staff Recommendation to the Board

Staff requested that the Board approve the Parker Stadium turf replacement project and authorize the Vice Chancellor for Finance and Administration to seek authorization from the Emergency Board for an Other Funds expenditure limitation of $1.8 million, which includes a special contingency of $400,000 for the project. Staff also recommended that the Board authorize the Vice Chancellor for Finance and Administration to approve OSU proceeding with bid solicitation to renovate the field when the University demonstrates that adequate reserved gift funding has been secured to fund the project as designed and is available for expenditure.

Board Discussion and Action

Associate Vice Chancellor Lanier reviewed the item. Vice Chancellor Anslow pointed out that no one knows if the costs will increase until the existing turf is removed. "At the moment, we are trying to operate as if it will be a $1.4 million operation with a contingency," he explained.

"I'm assuming that if the decision is ultimately made to go back to artificial turf, that would be within the $1.8 million?" asked Mr. Koch. Ms. Lanier confirmed that would be the case.

Mr. Koch asked about long term maintenance costs, and the difference between the artificial turf and the regular sod. Mr. Anslow said that artificial turf costs would be lower.

"Does that include the calculation that in 10-12 years you would have to replace the artificial turf again?" Mr. Koch inquired. Ms. Lanier said that if the decision were made to install artificial turf, the additional funds would be put into reserve, so that the artificial turf could eventually be replaced.
Mr. Lussier moved and Mr. Willis seconded the motion to approve the request as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

This request was to increase the total project budget of the UO’s National Zebrafish Stock Center from the original $1.5 million approved by the Board at its July 18, 1997, meeting, to $3.3 million, and to seek Legislative Emergency Board approval for an expenditure limitation increase. Expansion of the facility will be made possible, in part, from a new $1 million facilities grant recently awarded by the National Institutes of Health to the UO for this unique facility. In addition, UO officials have committed to dedicating additional indirect cost and building use credit revenues to cover debt repayment of $800,000 of Article XI-F(1) bond proceeds.

This NIH-designed national center will greatly expand UO’s current program of breeding stock lines of a tiny, transparent tropical fish, the zebrafish, which has become essential to researchers in the United States for their studies involving developmental biology and genetic research. The initial grants provided for 6,500 gross square feet of space and this additional grant will allow construction of a total of 10,000 gross square feet. The larger facility will enable the Stock Center to respond to the rapidly growing demand worldwide for zebrafish stock, with more sophisticated laboratories and space. Funds will also be used to relocate existing tenants from the site selected for the facility.

Staff Report to the Board

At its September 1997 meeting, the Board authorized the Vice Chancellor for Finance and Administration to seek Legislative Emergency Board approval for an Other Funds limitation of $1.5 million for the design and construction of the National Zebrafish Stock Center at the University of Oregon. That request was subsequently approved by the Emergency Board at its September meeting. At the time of approval, it was estimated that a 6,500-gross-square-foot facility (expandable to 10,000 gross square feet) could be built for a total project cost of $1.5 million. Following more detailed cost estimates, it became apparent that the facility could be sited and designed for the larger size, but could not be built beyond 6,500 gross
square feet with funds available. Additional funds were also needed to cover the relocation costs of tenants now residing in temporary facilities on the site, who must be relocated in order to build the facility.

Funding for the previous $1.5 million project was approved from the proceeds of the sale of 15-year Article XI-F(1) bonds. Repayment was approved via indirect cost recovery from a five-year grant awarded by NIH. UO officials committed to dedicating the indirect cost revenues of $245,000 per year from this five-year grant to cover the expected debt service for the project, estimated at $160,000 per year. As with other nationally-designed research support facilities, NIH funding to secure follow-on grants in the succeeding two five-year periods of the bond term, while not guaranteed, is expected. In the event the University does not obtain the subsequent grants, either from the NIH or from other extramural sources, the University has agreed to adapt the facility for other research purposes. It also committed to backstopping any debt service requirements.

NIH encouraged UO to apply for the scarce funds available for facilities grants. With the adoption of the federal budget, UO was awarded the NIH $1 million facilities grant. Added to these funds will be Article XI-F(1) bond proceeds of $800,000, for which debt service repayment will be made from University building use credits and indirect cost credits. For the past several years, UO has generated between $8 million and $9 million of indirect cost credits; about $48,000 per year would be required for this additional debt service, above the amounts previously committed to the zebrafish project.

Staff Recommendation to the Board

Staff requested the Board approve the increase of $1.8 million in total costs of the National Zebrafish Stock Facility and to authorize the Vice Chancellor for Finance and Administration to seek Emergency Board approval for an increase in the Other Funds expenditure limitation from $1.5 million to $3.3 million for the expenditure of $1 million of federal grant monies and the issuance of $800,000 of Article XI-F(1) bonds.

Board Discussion and Action

Associate Vice Chancellor Lanier reviewed the item. Dr. Aschkenasy asked if any money would be set aside on this project for
maintenance, adding that he recalled a conversation at one point about mandating that process. Ms. Wustenberg, recalling the same conversation, responded that no decisions were made on that issue.

Mr. Anslow explained that with the new funding model, revenue coming both from increased appropriations and tuition revenue would support maintenance costs. However, in this case, the Zebrafish Center is a research facility whose ongoing operations will be supported by grants and/or fees.

"Nevertheless," said Dr. Aschkenasy, "Could we ask the Chancellor’s Office to look into that situation and maybe make a recommendation to the Board?"

Chancellor Cox pointed out that many private institutions are setting aside monies from gifts for buildings to maintain them. "We’ll be happy to bring you back some recommendations," he said.

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

President Imeson complimented OSU and UO for their awards for the Burt Hall and Zebrafish Center expansions. "What we’re doing is simply providing the expenditure limitation, and proposing that the legislature do that, but what the institutions have done is attained recognition that has brought these funds to the institutions. I think they ought to be commended for that. Furthermore, it is my understanding that UO Professor Charles Kimmel was honored earlier this week by the OHSU Foundation, and received its 1998 Discovery Award for significant contributions to biomedical research. I think that it must mean the earlier decisions that this Board made were wise ones."

The Chancellor added that both the NIH grant awarded to UO and the NASA grant awarded to OSU come from two very competitive and highly sought after funding agencies. "We ought to be very proud of these two institutions," he remarked.
Construction of the first academic building (East Wing) for the $33 million PSU Urban Center, Phase I project, began in June 1998. The second portion of this Center (West Wing) is being built on a site currently owned by the Metropolitan Transportation District of Oregon (Tri-Met), on land that, until recently, housed a business condemned in a friendly condemnation. Tri-Met used funds provided by the Federal Transit Agency (FTA) to pay for the condemnation, and under that agreement, the FTA required Tri-Met to own the property. A 99-year land lease from Tri-Met was required prior to the construction start and has been negotiated. The lease permits PSU to build on the property in exchange for a provision whereby PSU provides Tri-Met with space for a Transit Information Center, for no compensation. In accordance with ORS 351.150 and 351.060, and OAR 580-050-0005, this lease was submitted for the Board’s review and approval.

At its February 20, 1998, meeting, the Board approved the revised total funding and scope of the PSU Urban Center Phase I project. This approval included a small Transit Information Center. PSU now requested authorization to lease a parcel of land approximately 5,100 square feet in area, from Tri-Met, upon which PSU will build a portion of the Urban Center, Phase II Project, specifically, the Distance Learning Center (the West Wing).

The Tri-Met parcel was, until recently, occupied by Clean Copy, Inc. and was condemned in a friendly condemnation by Tri-Met as part of the Urban Center Phase II project. (See the October 16, 1998, Board docket, concerning a lease by PSU to house the relocated Clean Copy, Inc.) Since the parcel would have become landlocked between the planned Urban Center Plaza and bus mall improvements, Tri-met was willing to allow PSU to lease the parcel, in return for space for its transit information kiosk within the Urban Center project.

Lease Provisions. The lease term will be 99 years (to September 30, 2097). PSU may use the premises solely for functions associated with the Urban Center Project without written approval of Tri-Met. At the end of the lease term, PSU must return the land to Tri-Met unless PSU exercises its option to purchase the land at its then-fair market value. (The option may be exercised at any time, as long as transit easements remain in place.) PSU will pay for maintenance of the
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building constructed on the property and must provide the Tri-Met Information Center Kiosk with utilities at no charge. These utilities consist of a telephone line and power to operate computers, trip planners, and a video player. The lease has been approved by the Attorney General’s Office.

Staff Recommendation to the Board

Staff recommended that the Board approve the request by PSU for authority to lease property from Tri-Met, by authorizing the Board President and Secretary to execute said lease on behalf of the Board.

Board Discussion and Action

Ms. Wustenberg moved and Ms. Christopher seconded the motion to approve the lease agreement as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

CONFIRMATION OF INSTITUTIONAL DEGREE LISTS

Staff Report to the Board

In accordance with Board regulations, the following members represented the Board in approving candidates for degrees and diplomas for the graduating classes at the designated institutions during the 1997-98 academic year and summer session:

Eastern Oregon University
Gail McAllister

Oregon Health Sciences University
Diane Christopher

Oregon Institute of Technology
Katie Van Patten

Oregon State University
Jim Whittaker

Portland State University
Tom Imeson
John Wykoff

596
Southern Oregon University
Phyllis Wustenberg

University of Oregon
Jim Lussier

University of Oregon -- Law School
Jim Willis

Western Oregon University
Esther Puentes

Staff Recommendation to the Board

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

Board Discussion and Action

Ms. McAllister moved and Dr. Aschkenasy seconded the motion to accept the confirmation as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

Portland State University proposes to offer the Master of Engineering (M.Eng.) professional degree in Systems Engineering. PSU will be the only Oregon institution to offer this major. Program graduates will be able to define customer needs, document requirements, and consider the whole problem when performing design synthesis and system validation.

This is an applied terminal degree containing dual academic and internship experiences. There is no research component, laboratory experience, or thesis requirement. The focus is on a design-oriented, technically advanced professional degree that reinforces design issues, decision making, planning, and teamwork. Admission requirements include at least three years of engineering experience,
a baccalaureate degree in engineering, and 3.0 or greater GPA for upper-division coursework. Students will take 32 credits of approved technical core courses and electives and 13 credits of internship/industrial project; periods of graduate coursework will alternate with internship periods.

The M.Eng. degree is responsive to Oregon’s need for engineers in general and, specifically, to the mandates of SB 504 passed by the Oregon Legislature last session. There is widespread agreement among Oregon industries that their total hiring needs in the graduate area can be met only by recruiting out-of-state engineering graduates. The need for this type of program has been extensively documented in the last couple of years. Consequently, this program request is also responsive to such reports as the Governor’s Task Force Report on Higher Education and the Economy (1/98), Meeting Customer Needs (Oregon Business Council, 1996), and OSSHE Graduate Task Force Report (10/96).

Two years ago, strategic budget reallocation within PSU’s School of Engineering and Applied Science provided for the development of a systems engineering program. Core faculty, courses, and support resources are in place and sufficient to offer this degree.

The proposed program has been positively reviewed by the appropriate institutional committees. An external review of the program was positive; the reviewers stated that the program is “excellent in content and character” and that it is “badly needed in Oregon and would likely attract national attention.” Some minor recommendations, such as slight course modifications, have been addressed by PSU. The OUS Academic Council has also reviewed this program proposal and supports its implementation.

Staff Recommendation to the Board

Staff recommended that the Board authorize Portland State University to establish a program leading to the Master of Engineering degree in Systems Engineering. The program would be effective winter term 1999 and the OUS Office of Academic Affairs would conduct a follow-up review in the 2004-05 academic year.
Board Discussion and Action

"Even though it's designed to be a terminal degree, I assume that it would feed into a Ph.D. program if a student chose to do so?" Mr. VanLuvianee asked. Vice Chancellor Dryden responded that it would depend on the particular program to which a student applies.

Ms. McAllister moved and Dr. Aschkenasy seconded the motion to accept the program proposal as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvianee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

Summary

UO's Department of Architecture has long been recognized for success in integrating technical information in its design studios. The proposed graduate-level certificate will formalize the opportunity for future architectural educators to study the teaching of technical subjects in a design studio-oriented context.

This program is unique in the U.S., and its graduates will be capable of integrating technical building and engineering information with the design education process. Technical subjects include structural design, construction materials and processes, and environmental control systems.

The program is being funded by a targeted gift. Enrollment expectations are modest (maximum six students at one time, three certificates earned per year). Although students may earn the certificate separate from the degree program, it is anticipated that the majority of students will earn this certificate in conjunction with the Master of Architecture degree.

Staff Recommendation to the Board

Staff recommended that the Board authorize the University of Oregon to establish a program leading to the graduate certificate in Teaching Technical Subjects in Architecture, effective winter term 1999.
Board Discussion and Action

Mr. Koch asked if the targeted gift was of a limited duration or if funds were sufficient to sustain the certificate program indefinitely, and would eventually being rolled into the General Fund. President Frohnmayer responded that he believed that would be the case. Mr. Imeson added that under the new budget model, student enrollment would, in fact, drive the funding.

Ms. McAllister moved and Dr. Aschkenasy seconded the motion to accept the program proposal as submitted. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvane, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

POST-TENURE REVIEW

Executive Summary

In 1973, the Oregon State Board of Higher Education approved an Administrative Rule requiring each institution to develop and implement post-tenure review policies. This action was the culmination of a six-month Board committee study that supported post-tenure review as one way to provide internal and external (i.e., public) accountability.

During the '90s, the increased pressure nationally for accountability in higher education has resulted in post-tenure review being the focus of discussion, policy development, and even legislation in some states. For example, in December 1997, then-Governor Romer (Colorado) issued an executive order requiring the governing board of each state-support higher-education campus to adopt a policy for conducting post-tenure reviews at least every five years. Texas adopted legislation mandating such reviews every six years.

While the Oregon University System has a well-established history of conducting post-tenure reviews, campuses have elected to respond to this current climate of heightened public interest by reviewing their existing policies and, in some cases, revising and strengthening them. (Each OUS campus conducts annual or biennial reviews as well as the more comprehensive evaluations of their tenured faculty. It is these more comprehensive evaluations that are commonly known as post-tenure reviews.)
The current status of campus policies follows:

**Eastern Oregon University.** EOU's recently revised policy institutes a "trigger" system that builds on the biennial professional development plan required of all tenured faculty. If this plan, which is both retrospective and predictive, signals concern in significant areas of performance, a one-year improvement plan is crafted. In the event that plan is unsuccessfully implemented, a formal post-tenure review process begins. This triggered approach allows resources to be focused where most needed.

**Oregon Institute of Technology.** All tenured faculty are evaluated every five years. The process includes a review of the five most-recent annual evaluations, as well as faculty and student input. Outstanding faculty may be recognized for their achievement; unsatisfactory performance may result in development of a plan for improvement with specific goals, objectives, and timeline. Faculty have three years within which to attain the goals specified.

**Oregon State University.** The OSU Faculty Senate is nearing completion of its thorough review and restructuring of the post-tenure review policy and process. The previous policy did not have the outcomes of review, either positive or negative, stated in writing. Also, the policy required different timetables based on faculty rank. The new post-tenure review guidelines, which are scheduled for Faculty Senate consideration and action by the end of fall term 1998, require all tenured faculty to be reviewed at least once every five years. Each academic unit is required to have a reward policy for outstanding performance, and unsatisfactory performance results in a mandatory professional development plan with a three-year implementation timeline. Possible outcomes of continued poor performance include salary reduction and reassignment.

**Portland State University.** As one of three OUS campuses with a faculty union, the post-tenure review process is included in the union contract. According to their most-recent contract, tenured faculty are reviewed every five years. If necessary, a professional development plan is crafted, either solely by the faculty member or jointly with the three-member evaluation committee. The formative nature of the process is emphasized in the policy.

**Southern Oregon University.** Southern's policy is contained, in part, in the faculty union contract and also in the SOU Faculty Constitution. Together, they require tenured faculty to be reviewed by the
department chair every three years, and by a three-member committee on alternate third years. Annual faculty productivity plans and reports are considered, as well as student evaluations; colleague input; and research, public service, and scholarship contributions. These evaluations produce feedback for the faculty member to refine their goals and objectives. The provost may reward/recognize outstanding faculty performance.

University of Oregon. Under the proposed policy, which is being considered by a University Senate committee, tenured faculty would be formally evaluated every three years—one review conducted by the department head, alternate third-year reviews conducted by a peer committee. Possible rewards for outstanding performance include base-salary increase, additional clerical/research support, and university recognition. Unsatisfactory performance may result in reallocation of duties and professional development opportunities, which is consistent with UO’s current post-tenure review policy.

Western Oregon University. Embodied in the faculty contract, Western evaluates tenured faculty every three years. The division chair conducts the evaluation based on primary job assignment, research/scholarship, professional service, institutional service, and academic advising. If the faculty member's performance is found lacking, they receive suggestions for remediation and a timeline for implementation and re-evaluation.

Recommendations

Based on systematic review and discussion of existing and revised post-tenure review policies and practices, the OUS Academic Council and OUS staff recommend Board action linking post-tenure review more closely with specific performance outcomes. To that end, we recommend: (1) adding language to the existing Oregon Administrative Rule (OAR), which clearly states the purposes of post-tenure review, and (2) creating an Internal Management Directive (IMD) that reaffirms Board commitment to faculty excellence, tenure, and academic freedom; requires a formative component in each institution's policy guidelines; and links remuneration to performance reviews.

Board Discussion

Vice Chancellor Clark reported that the Board’s post-tenure policies were some of the first in the country to be developed. "Our current examination of this policy has included the national context."
Furthermore, we are trying to determine how well this policy was working, where we should propose revisions, and how we could connect it to the new requirements of our own environment, including a more detailed emphasis on performance and its measurement,” she said.

“Under the present system, how many post-tenure faculty have been terminated?” asked Ms. Wustenberg. Dr. Clark replied that there had been none as a consequence of post-tenure review, noting that presidents and provosts more often attempt to resolve matters through other methods, such as early retirement or reassignment. Dr. Clark reminded the Board about the issues concerning dismissal and other sanctions for cause. She said numerous OARs clearly articulate the various kinds of “for cause” situations that concern the Board, including neglect of duty, incompetence, gross inefficiency, etc.

“The proposed IMD says that each institution shall develop post-tenure review guidelines which shall be filed by the Chancellor’s Office, and indicates what they should include. Is there some determination of sufficiency of those plans when they’re filed with the Chancellor’s Office?” questioned President Imeson. “I think it would be important for us to review campus plans for sufficiency,” Dr. Clark replied. “At the same time, the proposed policy, like many of the Board’s policies, allows the institutions to have somewhat differentiated policies, generally, on personnel matters. I was not, and I think the provosts are not, anticipating a standardization. We also have three campuses whose faculties are organized and for whom these aspects of personnel matters would be a part of the contracts,” she explained.

“I gather that there is dialogue between the Chancellor’s Office and the institution with respect to what is filed in the Chancellor’s Office?” Mr. Imeson queried. Vice Chancellor Clark responded affirmatively and added that the process could include a review by the Academic Affairs Council. “The provosts have been working with the campus senates, and we have been sharing that information. If you wish to have the Academic Council act as an advisory capacity to the Board with respect to this set of policies, I think I could speak for them regarding their interest in doing so.”

“It seems to me that if we ever intend seriously to address the public’s perception that tenure is a license to do nothing for the rest of your life, we need to somehow do more,” observed Dr. Aschkenasy. Dr.
Clark said she felt there might be two ways to approach that concern. "We have been handling post-tenure review on a strictly internal basis to each campus. It has been very difficult (and, in some cases) impossible, at the central level, to obtain systematic data about how much review is going on and the outcomes. As part of this process, we can shore up the reporting lines so that we will be able to speak more definitively about the process, the numbers of people involved, and the nature of the outcomes."

Continuing, Dr. Clark said, "It is much more challenging if the only standard of acceptability to which we would be held would be how many people were fired as a result of this process. Post-tenure review processes are intended to be more career developmental by their nature. We wouldn't anticipate that we would be able to show a great many dismissal-for-cause cases as a direct result of post-tenure review, even though such review would be one of the paths to that. The focus here has been more on the evaluation and the development of a valuable resource than on a quick and ultimate negative sanction for a poorly performing faculty member. I think we need some help from you as to how we might change that public perception."

Ms. Wustenberg said that the initial proposal did not say anything about consequences of not meeting the goals. "I think that is an important addition to have in the policy," she said. Vice Chancellor Clark noted that language is implicit in the document, but she felt that it could be made more explicit. Mr. VanLuvanee expressed concern about reacting to a public perception in a punitive nature. "We're trying to change a perception as opposed to demonstrating that we know how to punish professors. Perhaps that's a bit overstated, but let's be cautious that we're doing the right thing, and capture some supportive data."

"I think that some of our discussion centers not so much around the process of review, but the desire of everybody to make sure that we have competence, that we have excellence in development, that people are given the opportunity to respond to deficiencies or actions, and, ultimately, the product we're providing is supported by a review process that allows for that kind of change. The goal is not the review process; the goal is competence and excellence," said Mr. Lussier.

Dr. Clark, referring to the first portion of the draft IMD, said that she felt that the issue of excellence was addressed, but added that she
could strengthen the language in terms of the goal of supporting and maintaining a vital faculty member. "We're also very much aware, and we've reaffirmed it here, that our institutions are supposed to have career-support and faculty-development programs. We have been so strapped for funds that these have seemed like discretionary areas, rather than areas to support faculty maintenance, as it were. We want to affirm the importance of faculty development," the Vice Chancellor observed.

"It seems to me that's how you build the system, and there are a lot of ways to build a support system that does not add cost. I'm not as worried about that as making sure this does not sound punitive. Hearts and minds will run from it if it sounds punitive," Mr. VanLuvanee said.

Dr. Clark agreed to work on modifying the document, and both the amended OAR and new IMD will be presented for a vote at the February 1999 Board meeting.

The Chancellor pointed out, "It's important to note that the process of review at the time of hiring is very rigorous. Not everyone gets tenure. I think you have to look at it as a total, not just at the post-tenure review, but at what preceded it."

President Froehnmayer asked to build on that point. "If this document could contain a preface or a discussion that refers to the process by which one attains tenure within the System, then within the four corners of the document you would see a comprehensive review of the career path that one follows. In the normal course, it takes a person 14 years to attain the rank of full professor. In each of the steps along that process, including those of the three-year review, people may be counseled out of their position. We know that this is, in fact, a process through which a great number of people are counseled into other career directions. We should state the kind of rigor that goes into the granting of tenure, and then the full promotion (another several years later) to full professor, if that's warranted."

Vice Chancellor Clark, agreeing that was a positive suggestion, offered to craft language into the OAR and IMD that would reflect his thoughts. "I think it would provide the whole picture. Part of our challenge in communicating with our public is that we've not always provided the full picture," concluded Chancellor Cox.
President Imeson offered his thanks for the work of all involved in the process to date. “This is really important work and I appreciate what you’ve accomplished,” he said.

Summary

In April 1996, the State Board of Higher Education approved the acquisition of a facility then known as the US West Building,1 located one block from the Portland State University campus at SW Harrison and SW Fourth Streets in downtown Portland. The approval involved entering into a joint ownership with Gerding/Edlen Development Company, which held an option to purchase a 195,000-square-foot facility, including a 389-space parking facility and a large landscaped open area immediately adjacent. At the time, the building was owned by the US West Corporation.

After project approval, the Board entered into a joint ownership agreement under which the Board would acquire ownership of the facility in two stages. Stage one, already completed, included acquiring the parking structure and approximately 117,000 square feet of space for laboratories, classrooms, offices, meeting rooms, and a communications/data processing center. Approval for stage one provided for a total project cost of $14.37 million, including $12.15 million for acquisition, and the remainder for future improvements for the School of Engineering and Applied Science. Article XI-F(1) bonds were approved as the funding source, to be repaid by rental income and parking revenue.

Stage two of the proposal gave the Board the option to acquire remaining space in the building, after all the vacant space in the stage one acquisition had been leased, for a total amount not to exceed $6.6 million plus closing costs. The combined approved project costs totaled $20.97 million.

This project subsequently was approved by the Legislative Emergency Board with an Other Funds expenditure limitation of $20.97 million for issuance of Article XI-F(1) bonds and/or use of gifts.

1 The US West Building has been renamed the Urban Center, Phase II; it is distinctive from the Urban Center, Phase I Project, a $33 million project that is now under construction a few blocks away from the site of the US West Building.
As noted, the acquisition was expected to occur in two phases. The Emergency Board then directed the Department of Administrative Services to unschedule the stage two portion of the expenditure limitation ($6.6 million plus closing costs) pending a report to either the Joint Ways and Means Committee or the Emergency Board on the financing plan for stage two when the option to purchase was ready to be exercised. The deadline set by the developer for exercising the option has been extended to February 1, 1999. This timeline results in the necessity to seek Emergency Board acceptance of the financing plan in order to reschedule the expenditure limitation.

The final financial report has now been prepared by PSU and will be heard before the Emergency Board at its January 7 meeting (refer to next section). The request explains two options under which the acquisition could occur. Both principally involve the use of Article XI-F(1) bonds, repaid by rental revenues from current and prospective tenants, including a PSU auxiliary, as well as modest amounts of PSU institutional funds. Option A would require $2.92 million of Article XI-F(1) bonds as well as $3.2 million from a pre-paid lease from the private Korea University for the World Peace Center, a 501(c)(3) private not-for-profit public corporation, and some PSU funds. Option B would increase the requirement for Article XI-F(1) bonds to $6,157,355, but would not include any participation by the World Peace Center.

Under either option, the acquisition cost is below the expenditure limitation for acquisition approved by the Emergency Board and fully meets the Board criteria for a self-financing, self-liquidating enterprise, eligible for Article XI-F(1) bond proceeds.

**Staff Report to the Board**

The Board has an option to purchase the balance of the approximately 80,000 square feet of space in the US West Building from the Urban Center Improvements, LLC and Peter K. McGill, as represented by Gerdin/Edlen Development Company. The option, originally scheduled to be exercised by June 1998, has been extended to February 1, 1999, and Portland State University is now ready to proceed with the acquisition of the remainder of the building. The purchase price, including closing costs, is $6.37 million, which is below the authorized expenditure limitation for the acquisition of stage two of the facility. This acquisition will result in the Board owning the entire building and land.
There are two financing plan options under consideration, either of which would permit the Board to acquire the full building and land:

**Option A.** Funding for this purchase will be from three sources: (a) $3.2 million from a pre-paid lease with Korea University for the World Peace Center (WPC), a planned, private not-for-profit corporation; (b) $2.92 million of Article XI-F(1) bond proceeds; and (c) $247,645 of PSU institutional funds.

**Pre-paid Lease.** The pre-paid lease is with Korea University for the World Peace Center (WPC), a planned, private, not-for-profit public benefit corporation. WPC and PSU have signed a Memorandum of Understanding calling for the deposit by WPC of $4.8 million to PSU no later than December 31, 1998. Of this amount, $3.2 million will be applied by PSU toward the costs of acquisition of stage two of the former US West building. In return, WPC will take possession of a leasehold in the Urban Center Phase II (US West Building) in two stages. The remaining $1.6 million on deposit will be used to cover remodeling costs of the WPC space, to be determined, and operating costs, for which Korea University will be solely responsible. The program of the WPC is explained in greater detail in Exhibit A, below. WPC is awaiting final approval of its 501(c)(3) tax status from the U.S. Internal Revenue Service.

**Article XI-F(1) Bonds.** The Board has existing bonding authority under House Bill 5036, Chapter 556, for the full amount of these bonds and sufficient Article XI-F(1) bond proceeds available to allocate to this project for this purpose. The debt service on the Article XI-F(1) bonds, estimated to be about $220,000 per year, would be repaid from the following revenue sources:

- Pacific Power & Light Company, a major corporate tenant, currently occupies 49,000 square feet of the space to be acquired. Their current lease would expire in 2006; if they do not renew, PSU would market the space to a new commercial tenant for the remaining 13-year period of the term of the bonds.
- The Portland Development Commission also leases about 31,000 square feet in the facility. They are expected to vacate their space in fall 1999; about 6,000 square feet would then be made available to a PSU campus auxiliary, the Professional
Development Center, a conference center, which would pay rent. The remaining 25,000 square feet would be made available to the private Korea University World Peace Center. The Korea University World Peace Center (WPC) would take possession of 25,000 square feet of space in late 1999 and another 7,600 square feet beginning in 2006.

- In order to assure continuity of the debt service between tenants, a four-month reserve consisting of excess rental payments is being established.

**PSU Institutional Funds.** PSU would provide $247,645 of funds from a PSU campus auxiliary as the final element in the funding plan.

**Option B.** If Option B is determined to prove more feasible, funding for the purchase would be principally from two sources: 1) $6,157,355 of Article XI-F(1) bond proceeds, and 2) $212,645 of PSU institutional funds.

**Article XI-F(1) Bonds.** The Board has existing bonding authority under House Bill 5036 for the full amount of these bonds and sufficient Article XI-F(1) bond proceeds available to allocate to this project for this purpose. The debt service on the Article XI-F(1) bonds, projected to be about $420,000 per year, would be repaid from the following revenue sources:

- Pacific Power & Light Company, a major corporate tenant, currently occupies 49,000 square feet of the space to be acquired. Their current lease would expire in 2006; if they do not renew, PSU would market the space to a new commercial tenant for the remaining 13-year period of the term of the bonds.
- The Portland Development Commission also leases about 31,000 square feet in the facility. They would vacate their space in fall 1999; about 6,000 square feet would then be made available to a PSU campus auxiliary, the Professional Development Center, a conference center, which would pay rent. The remaining 25,000 square feet would either be used by PSU, a PSU affiliated organization, or a public entity. In any event, the space will not be leased to a private tenant; therefore, no rental receipts from the remaining use of this space have been factored into the financing plan for the debt repayment.
In order to assure continuity of the debt service between tenants, a four-month reserve consisting of excess rental payments is being established.

**PSU Institutional Funds.** PSU would provide $212,645 of funds from a PSU campus auxiliary as the final element in the funding plan.

In sum, the funding for the combined requests is as follows:

<table>
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<tr>
<th>Stage Two Acquisition (previously authorized up to $6.6 M plus closing costs, 4/96)</th>
<th>Article XI-F(1) Bonds</th>
<th>Other Funds</th>
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<tr>
<td><strong>OPTION A:</strong></td>
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<td></td>
<td>PSU: 247,645</td>
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<td>WPC: 3,200,000</td>
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<td><strong>OPTION B:</strong></td>
<td>$6,157,355</td>
<td>$212,645</td>
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<tr>
<td></td>
<td></td>
<td>(PSU Institutional)</td>
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**Urban Center Phase II (aka US West Building) - Stage Two Acquisition**

No action is required of the Board concerning the review of the financing plan to be presented to the Legislative Emergency Board for the acquisition of stage two, except to acknowledge the reduction in the budget cost and expenditure limitation required for the purchase from $6.6 million to $6.37 million.

**Board Discussion**

Associate Vice Chancellor Lanier reviewed the reasoning behind two options. She said that Option A would be the preferred direction, but due to the economic crisis in Asia, which has an effect on the ability of organizations there to come up with financing, another plan needed to be devised.

Under Option B, the University would plan a combination of tenants to occupy the space, including the University Foundation, a
department such as engineering or an auxiliary, or a combination of those. The reason that the University would limit that portion of the tenancy is simply that the income stream needs to be related to university business. "This has to do with the IRS private limitations on the bond issue, so we don’t want to jeopardize our tax-exempt status of those bonds," Ms. Lanier explained.

President Bernstine added that he was reasonably confident that Korea University would come up with the necessary funding to proceed with Option A.
Exhibit A

WORLD PEACE CENTER AT PORTLAND STATE UNIVERSITY

The World Peace Center (WPC) originated from the conjunction of several events. As background, it is helpful to know that the new president of South Korea, Kim Dae-Jung, has long been associated with significant human rights campaigns and has been nominated nine times for the Nobel Peace Prize. For many years it has been his plan to develop a means by which the climate of relations between South Korea and North Korea could be improved, possibly leading to the eventual reunification of the two countries. In part for his work to promote peace, Portland State University (PSU) bestowed an honorary doctorate upon President Kim Dae-Jung in 1995.

A number of PSU faculty members have long had personal interests and research programs that touched on the problems of newly-evolving democracies. Several have worked with students from these countries who were studying at PSU. One such faculty member is Professor Douglas Hall in the School of Engineering. Professor Hall has worked with a number of South Korean students, helping them adjust to the American university system, pass English proficiency examinations, and succeed in their studies.

Through one of these students, Professor Hall became acquainted with Dr. David Jun, a professor and former department chair of the Computer Science Department at Korea University, a private university located in Seoul, South Korea. Professor Jun and Professor Hall worked with South Korean leaders to evaluate PSU's ability to assist North Korea and other emerging nations to better integrate their economies into the widening international commerce. PSU's strong programs in business, engineering and Asian Pacific affairs, together with a Pacific Rim location, made PSU the first choice location for the desired cultural and academic exchange center. With the personal interest and involvement of President Daniel Bernstine, an agreement to develop the center at PSU was crafted with Korea University.

In the summer of 1998, PSU signed an agreement with Korea University to establish the World Peace Center to be located on the PSU campus. The WPC will serve both as a research center and as a clearinghouse for cultural and academic exchanges. The WPC has applied for 501(c)(3) status. As such, it will have academic linkages with several PSU departments, but it will function independently.
The primary focus of the WPC will be to develop and carry out a variety of projects to promote world peace. In its start-up phase, the Center will focus its efforts in selected regions of the world where the threats to peace are greatest. North Korea is one of these areas.

PSU will derive a number of benefits from its partnership with the Center:

1. New teaching and research opportunities for PSU faculty both in South Korea and North Korea are anticipated. Programs will include courses from PSU's Free-Market Business Development Institute, the Engineering Management Program, and the Electrical and Computer Engineering Department. These introductory courses will encourage motivated students to come to PSU for more advanced courses.

2. The Center will work toward being able to sponsor 35 North Koreans by January 2000. Within another two years, the Center plans to increase the number to 100 full time students.

However, the WPC is not focused exclusively on the issues of North Korean integration into the world economy. The programs being developed by the World Peace Center are applicable to many other countries that are now moving toward a more mixed economy. The WPC expects to require some time to set up exchanges, but WPC is moving ahead vigorously and will be even more effective when fully established at PSU.

3. There are financial aspects of the relationship with WPC beneficial both to PSU and WPC. The up-front funding of space for the WPC will make it possible for the University to acquire the second half of the building formerly known as the US West Building. The WPC funding to PSU will be secured before the acquisition, scheduled to occur in early January. The acquisition of the building adds an asset to state ownership, preserving the opportunity for PSU's engineering programs to expand at a later date. The space leased to the current major tenant would cost substantially more to buy in today's market if it were not being acquired at the option price contained in the original agreement with Gerding/Edlen Development Company.
CAPITAL CONSTRUCTION

ACTIVITY: JANUARY 1-JUNE 30, 1998

<table>
<thead>
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<th>1997-1999 Capital Program</th>
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<tr>
<td>▶ Total Legislatively Approved: $291 million</td>
</tr>
<tr>
<td>▶ 40 Campus Projects: $244 million</td>
</tr>
<tr>
<td>9 Systemwide: $47 million</td>
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<tr>
<td>▶ Level of Campus Activity through January 1998</td>
</tr>
<tr>
<td>• 13 projects under construction</td>
</tr>
<tr>
<td>• 5 projects await completion of fundraising</td>
</tr>
<tr>
<td>• 17 projects in planning &amp; design</td>
</tr>
<tr>
<td>• 5 projects pending</td>
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<tr>
<td>▶ Major Systemwide Activity: Repair &amp; Renovation</td>
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<tr>
<td>$11.7 million allocated to 7 campuses for 1997-98</td>
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Staff Report to the Board

This report provided a summary account of facilities contracting activities conducted under the authority and direction of the Oregon State Board of Higher Education for the period January 1 through June 30, 1998.

The information provided describes the level of capital construction activity and the status of projects by campus, starting with projects originally authorized by the Legislature in the 1993-1995 biennium. Since project-specific expenditure limitation expires after five years of Legislative approval, a few of these projects have been reauthorized in subsequent biennia. Following the summary information, highlights of construction activity related to campus-specific projects are provided.

Detailed information on all projects is provided in Attachment I, which were included in the supplemental materials to the Board (on file in the Board’s office). The attachment includes the amount of unexpended funds for any approved projects still open as of June 30, 1998. The amount of unexpended funds does not take into account any amounts billed by contractors or encumbered and not paid by that date.
Status of Projects Authorized by the Legislature Through June 30, 1998

Of projects originally authorized by the legislature for the first two biennia included in this report (from 1993-1997), a total of 13 were completed during this reporting period, 8 are nearly complete, 9 are under construction, and 4 remain on hold by the respective campuses. All completed projects were for auxiliary enterprises, including two housing projects that will better serve the needs of the students at Southern Oregon University and the University of Oregon and add needed capacity on those campuses. A new child care facility was completed at the Oregon Institute of Technology. Southern Oregon University and Western Oregon University both completed phased renovations of student union facilities to enhance services and accessibility to students.

The 1997 Legislature and Emergency Board authorized 40 campus-specific capital projects for both academic and auxiliary use and nine Systemwide project categories including capital repair/renovation, safety improvements, classroom modernization, ADA improvements, seismic inventory, and seismic improvements. Thirteen campus projects are under construction, five campus projects are on hold pending completion of campus fundraising campaigns, five projects are on hold pending resolution of various issues, and the remaining 17 projects are in various stages of planning and design.

In summary, of the remaining active legislatively approved projects for the three biennia (1993-1999) included in this report, a total of 13 projects were completed, 24 were in planning, 30 were under construction, and 15 remained on hold or were awaiting fundraising efforts at the respective campuses.

Highlights of Campus Projects

Eastern Oregon University

Ackerman Hall is the second oldest structure on the EOU campus. Built in 1937 in what is now the center of campus, it was originally used as a Laboratory School for the Eastern School of Education. When the La Grande School District could no longer financially support their portion of this function, the building reverted to university use but was not suitable for university-style classes.
Restoration of the building has been multi-phased beginning with the Ackerman restroom remodel completed in 1995. In summer 1998, the building exterior was completely restored, sealed and resurfaced. All of the failing wood windows are in the process of being replaced with energy efficient vinyl clad windows and trim that will maintain the architectural integrity of the existing structure. The entire electrical system is being upgraded and a new data backbone and laterals are being installed to bring the building up to a condition suited to meet the learning requirements of today's students. The Phase I mechanical upgrade has added cooling to the building from the central plant as well as a steam-to-hot water conversion unit to provide more efficient heating. Six existing classrooms have been refinished inside with new paint, carpeting, and furnishings. All of these enhancements, along with a fully accessible building, were available as students returned to campus in fall 1998.

Still to come will be the mechanical upgrade, Phase II, which consists of the installation of new air handling systems to provide cooling and heating to all occupied spaces and the final architectural upgrade that will complete the interior.

**Oregon Institute of Technology**

A contract was awarded to the YMCA to operate the new **Child Care Center**. The Center opened this fall and is off to a strong start operating slightly below capacity. The Child Care Center provides affordable child care for up to 34 children of students, faculty, staff and community members.

The **Health Science Improvement** project in Cornett Hall is proceeding through design. The schedule calls for an early November call for RFPs and a December 16 bid opening. Remodeling 12,000 square feet of this 104,000-square-foot facility will provide new labs for Anatomy and Physiology.

Engineers have completed schematic design for the **College Union HVAC Improvement** project. This project will provide replacement of air handlers, duct work, controls, and related equipment during spring and summer 1999. Engineers are also conducting a chiller study to evaluate operating requirements for the OIT central chiller plant. Replacement of equipment is expected to take place in the summer of 1999.
The OIT Metro Center remodel project is underway. This project includes the renovation of 13,000 square feet of the Metro Center building (former middle school) in Clackamas. This project represents the final renovation of classroom and lab space in the facility. The classrooms and labs will be shared with Clackamas Community College under a lease arrangement approved by both Boards earlier this year. Occupancy is expected in early December.

The contract has been awarded and construction is underway on the College Union/Residence Hall Plaza project. This will provide a handicap ramp to the main entry of the residence hall, overlay steps with new concrete and geothermal heating, and conversion of a discontinued road to a small outdoor plaza.

Oregon State University

OSU’s Valley Library project continues to progress within budget and on an extended schedule. Space in the new addition to this project has been occupied on an as-completed basis pending completion of the new five-story 147,000-square-foot addition, now scheduled for December 1998. Expenditure limitation for the new addition and major remodel of the library was authorized in the 1993 and 1995 Legislative Sessions.

OSU received authorization for five projects in the 1997-1999 biennium, two of which were for academic-related facilities. A brief summary of the status of each project follows:

Construction is underway on the Forest Ecosystem Research Laboratory located on the east side of campus near Peavy Hall. This project was authorized by the 1995 Legislature and received additional expenditure limitation in 1997. The University expects to have beneficial occupancy of the interior of the new building in April 1999 with work continuing on various exterior elements after that.

Design of the Warehouse Addition Project was completed in October. The $640,000 project will provide the housing department with appropriate shop and storage space. Construction is scheduled to begin in January and be completed in June 1999.
Construction of the Hawley Hall Residence renovation project began in September and is planned for completion in July 1999. The $6.5 million project includes upgrading/replacing plumbing, electrical, and other infrastructure and seismic upgrades. Upon completion, the hall will house approximately 208 residents.

Construction is currently underway for the renovation of Coleman Field Baseball Facility. Completion is anticipated prior to the start of the 1999 Pac-10 baseball season. This project will entail the repair, renovation, and remodel of the Coleman Field Baseball Facility to provide a completely renovated baseball park and new storage facility for the OSU men's baseball program.

The Hatfield Marine Science Center Fisheries Building Project remains on hold pending confirmation of receipt of federal grants.

Portland State University
PSU met its schedule to start construction on the Urban Center by June 1998. The contractor began construction on the East Building, which will be the new College of Urban and Public Affairs. The schedule calls for substantial completion in October 1999 and occupancy in January 2000. In October, construction began on a retail space on the ground level of Parking Structure 2 to house a former tenant (Clean Copy, Inc.), who had to vacate its current space for the Urban Center project. In addition, construction of the Distance Learning Center (the west wing of the Urban Center, partially funded by a $2 million federal Economic Development Administration grant) is scheduled to break ground in December, once approval for a land lease with Tri-Met is granted by the Board in December. The Urban Center plaza development will go to bid in January 1999.

PSU completed renovation of 18,000 square feet for a research lab and support offices for the Electrical Engineering Department in the Fourth Avenue Building (US West facility).

PSU facilities staff is coordinating the new Community Recreation Field now under construction. This project is funded largely with donated funds and services. Construction should be complete in December.

A Request for Qualifications (RFQ) has gone out for selection of consultant(s) on the state Department of Environmental Quality
and Public Health Lab project, which has been modified to a 12,000-square-foot addition to Science Building One and modification of existing labs in Science Two.

PSU is addressing a critical deferred maintenance need on campus through the installation of a new chiller in Science Two. An emergency power system for Science One and Science Two is out to bid, and an emergency power system for Neuberger Hall went to bid at the end of October 1998.

The assessment of PSU's elevators indicated a $2.0-2.5 million need that is included in the 1999-2001 Capital Construction Budget Request for capital repair and codes.

Southern Oregon University
SOU is in the process of designing and planning the construction of an additional 16 family/efficiency apartments as a further expansion of the Family Housing project at the Old Mill Village. Completion of the latest addition to this project is anticipated by April 1999. This project is being funded from the Adult Student Housing 1992 legal settlement. Since 1990, the University has constructed a total of 165 family housing units at Old Mill Village, for a total of 206 family housing units.

Southern's Foundation continues a major fundraising campaign to raise $5.6 million of private donations for its Center for the Visual Arts (approved by the 1997 Legislature). This $11.24 million project will add instruction capacity in the Visual Arts, a key academic program for the University by providing modern, environmentally sound space to replace existing, very inadequate space scattered across six campus buildings.

University of Oregon
The three-phase, $36 million Campus Development Project at UO is aimed at expanding and modernizing core academic space. Construction is progressing on Phase I, the new William W. Knight Law Center on the corner of 15th Avenue and Agate Street. The 140,000-square-foot facility will house the new law library, 565 instruction stations, 41 faculty offices, and several administrative areas. Funding for this project was approved by the Emergency Board
in November 1996, and provided $14.2 million of gifts and $10.3 million of Article XI-F(1) bonds, to be repaid from institutional funds. The Center is scheduled to be occupied by June 1999.

Phase II will complete a renovation of the existing law school building, Grayson Hall, for classroom and office use by the College of Arts and Sciences and other departments. The existing 82,000-square-foot building will be renovated to provide additional university classrooms that support state-of-the-art instructional technology. The first phase included renovation of the majority of the building with the exception of the fourth floor of the former law library that will be held vacant until funds are raised to complete this floor. Phase I space has been assigned within the building. Programming and conceptual design is complete and a contract is being negotiated for design and construction administration.

Fundraising is underway for Phase III of the project which will include an addition to and remodel of Gilbert Hall, which houses the College of Business. It is anticipated that this phase will relieve some of the need for general classroom space by adding 34,000 square feet of new space and approximately 600 classroom seats.

Funding for Phases II and III was included in the 1997-1999 approved capital construction budget (Chapter 584). A combined total of $5.7 million of Other Funds (gifts and grants) was approved for both projects to serve as the General Fund match for Article XI-G bonds ($2.25 million for Phase II/Grayson and $3.45 million for Phase III/Gilbert). A separate $100,000 of Article XI-F(1) bonds was approved for Phase III/Gilbert.

Site work is continuing and the steel skeleton of the addition is beginning to take shape on the Recreation and Fitness Center. This project entails the renovation and expansion of Esslinger Hall and the adjacent tennis courts and playing fields (approximately 79,000 square feet remodeled or renovated and 49,000 square feet new). New construction includes indoor multi-purpose courts, an indoor track, expanded weight and fitness facilities, a rock-climbing wall, and strength and fitness areas. Remodeled areas will provide new locker rooms, administrative offices, an exercise and movement sciences lab, athletic training areas, and storage areas. Space will also be renovated in the existing courts and multipurpose rooms. Other improvements include new accessibility ramps and other minor repairs. The project is being funded through a combination of the
Systemwide Student Building Fee Debt Service Reserve, gifts, and dedicated student fees. The University anticipates completion of new construction by fall 1999, while renovated spaces will be completed in the spring of 2000.

Construction is underway on both the Rippey Library project at the Oregon Institute of Marine Biology (OIMB) and the addition and alterations to the School of Journalism in Allen Hall.

Estuarine and Coastal Laboratory, a lab facility for the South Slough National Estuarine Research Reserve (SSNERR), will be built by the UO and managed cooperatively with SSNERR through an interagency agreement. The project is funded by a combination of state funds and a National Oceanographic and Atmospheric Administration (NOAA) grant. The project has been awarded and construction is underway.

OIMB Tyler Laboratory is the conversion of the former maintenance building into a research domain for an OIMB full-time faculty member. This project was originally planned as part of the OIMB Facilities Plan developed in 1996 and will be built in two phases over the next year. Building permits have been issued for Phase I, and construction is underway by OIMB maintenance staff plus subcontractors. Schematic design is complete for Phase II, and construction for Phase II began in September. Completion is expected by June 1999.

The University has moved several projects into planning:

Initial design has begun on an addition to the Ed Moshofsky Sports Center (formerly the Indoor Practice Facility) that will add classrooms, a commissary, and storage for pregame functions to this large indoor sports facility that serves multiple athletic teams and events. This new sports center was completed this fall and is receiving acclaim as a national showcase for a facility of this type.

The UO was recently notified by the National Science Foundation of an additional $1.0 million facilities grant to build out more labs for the National Zebrafish Stock Center. This grant will be combined with an NSF grant awarded in 1997 to permit UO to proceed with final design of a 6,500-gross-square-feet structure (expandable to 10,000 gross square feet), which will be located on an approximately half-acre site in the Riverfront Research Park, directly north of the main
campus. The facility will become a leading resource for breeding Zebrafish for use in research worldwide and will serve as a central repository for genetic research using the organism. Placement of the facility will require the construction of new space in the adjacent Architecture and Allied Arts north site complex to house units currently on the site where the lab will be constructed.

A project at the Oregon Institute of Marine Biology (OIMB) would convert the former library space into administrative offices. Schematic design is complete and planning will continue now that the Library project is under construction.

Several projects remain on hold pending fund raising. Those projects include a new Native American Longhouse; an addition to the Museum of Art to provide new space for the museum and to renovate existing spaces; the Museum of Natural History Addition; the second phase at the Vivian Olum Child Development Center, a planned 5,500-square-foot addition that will allow 25 more children to be served by the facility; replacement of the artificial turf in Autzen Stadium with grass; and finally construction of an enclosed tennis facility with eight courts for instruction, recreation, and intercollegiate tennis users.

Western Oregon University
The 1997 Legislature approved the Phase 2 renovation and addition of the Werner University Center and construction of a new Library project.

Construction is ahead of schedule on the Phase 2 renovation of Werner University Center. When completed, the Center will provide a significant addition to the campus bookstore with a conference center and eight new conference rooms, as well as renovated student and career services space. The renovation also provided the building with a badly needed face lift in addition to a new main entry facing the primary campus drive. Code compliance and facilities obsolescence issues are being addressed in each phase of this project.

To meet accreditation and increasing enrollment demand, the University has started construction of a new Library. The new facility adds 76,000 gross square feet of space with room for expansion in the future. The new library will include contemporary integration of computerized terminals for reference use, a periodical reading room,
a geography room with maps and atlases for study, and extensive seating areas using natural daylight. Once complete, this new library will serve the University as a specialized, state-of-the-art facility for years to come. The project should be completed in December 2000.

Board Discussion

Vice Chancellor Anslow asked Ms. Lanier to review the Systemwide activity, explain the repair and renovation account, and how funds in the account would be allocated to institutions.

Ms. Lanier reminded the Board that these funds were referred to as the omnibus line item in the new biennial budget, which was approved by the Board in July 1998. "Funds are earmarked for repair and renovation, academic modernization of classrooms and labs, and code work required in many facilities on campuses. We've had about $23 million each biennium, which falls significantly behind where we need to be, given the Capital Repair/Deferred Maintenance Baseline Study findings. Campuses submit a list of projects that they consider very important for the new biennium and funds are allocated. Approximately $2 million is reserved for unexpected projects, and to meet emergency needs over the course of a biennium. Several hundred capital repair projects have been accomplished to date throughout the System," explained Ms. Lanier.

Mr. Anslow pointed out that these monies are the only funds that have a degree of flexibility. "In all other cases, we have to come forward to you and to the E-Board for approval with individual projects," he said.

Following clarification of the actual amount of funds, which Mr. Anslow explained is approximately $12 million per annum (General Fund monies plus G-Bonds), he referred to the recent Capital Repair/Deferred Maintenance Baseline Study, where it was suggested that nearly $40 million per year would be necessary to avoid further deepening the level of deferred maintenance on campuses. He added that in the 1999-2001 capital budget, $25 million was requested in General Fund monies, to be matched by $25 million in bonds. "Although the Governor has given limitations on money, the objective would be to get up to $40 million per annum as fast as we can," said Vice Chancellor Anslow.
The Board's grievance procedure for unclassified employees with faculty rank, Oregon Administrative Rule 580-021-0050, requires each institution to report annually the number, basis, and outcome of all formal grievances filed under the institutional procedures adopted pursuant to the rule. This report does not include grievances filed under procedures contained in collective bargaining contracts. The institutions reported as follows for the 1997-98 academic year:

Eastern Oregon University
No grievances were filed.

Oregon Institute of Technology
No grievances were filed.

Oregon State University
Four grievances were filed:

- A faculty member alleged gender and ethnic origin discrimination in connection with reassignment. The grievance was denied in the initial review, and the grievant subsequently resigned.

- A faculty member demanded withdrawal of a letter sent by his supervisor. The grievance was resolved at the dean's level.

- A faculty member filed a grievance in connection with the denial of a three-year leave of absence. The president upheld the dean's decision, which the grievant had appealed to him directly, bypassing review by the Faculty Grievance Committee.

- A faculty member filed a grievance challenging a performance evaluation. The president is now reviewing the recommendation of the Faculty Grievance Committee.
Portland State University
Three grievances were filed:

- A faculty member contested denial of tenure. The president upheld the provost’s decision denying the grievance. The grievant’s appeal to the Board was not timely.

- A faculty member alleged unfair treatment in the award of merit increases. The Board upheld the president's decision.

- A grievant alleged unfair evaluation which led to non-renewal of contract. The grievance was settled at the institutional level.

Southern Oregon University
One grievance was filed: (A grievance by a part-time faculty member alleging prohibited discrimination is currently being investigated. However, it was not filed under these grievance procedures.)

- A full-time faculty member grieved a promotion decision. After review by committee and the president, the decision not to promote was upheld, based on SOU faculty guidelines.

University of Oregon
Two grievances were filed:

- A faculty member alleged wrongdoing on the part of the department chair in connection with compensation. The Faculty Grievance Appeal Committee held a formal hearing and found no evidence of wrongdoing. The grievance was subsequently resolved.

- A faculty member filed a grievance regarding compensation. The grievance was resolved during the review by the immediate supervisor.

Western Oregon University
No grievances were filed.
Meeting #679—Minutes

Board Discussion

Mr. VanLuvanee asked about the case at SOU, where a grievance was filed under a different set of procedures. Provost Hopkins-Powell explained that the grievance was filed by a part-time lecturer, who was grieving the terms of his employment. "We have a parallel process in place because he's not a full faculty member who is represented under our faculty constitution," Dr. Hopkins-Powell explained.

Staff Report to the Board

The first quarter investment report of the Pooled Endowment Fund of the Oregon University System for the period July 1 through September 30, 1998, prepared by R. V. Kuhns and Associates, investment consultants, is included in the supplemental materials (on file in the Board's office).

Board Discussion

OUS Controller Mike Green, along with Marcia Beard from R.V. Kuhns and Associates, reviewed the status of investments for the first quarter.

Ms. Beard noted that it had been more than eight years since a correction of greater than ten percent had been experienced in the S&P index, which is comprised of large cap stocks. In the first quarter, a 13.8 percent loss occurred. Small caps stocks, indicated by the Russell 2000, went down 20 percent. As she continued to detail market trends for the quarter, Mr. Lussier commented, "If you're selecting stocks, the market timing is certainly critical."

"Are we still in the Common Fund at this point?" asked Ms. Wustenberg. Ms. Beard explained there were still monies in that Fund, but they would be transferred at the beginning of 1999, as recommended by the Investment Committee.

"Based on the fluctuations of the market and future projections, is there anything that you would advise the Board to be doing differently?" Mr. Lussier inquired.

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Ms. Beard responded that the changes scheduled to be made at the beginning of the year were correct. "Even in this poor market for the quarter, you did quite well on a relative basis," she said.

Director of Government Relations Grattan Kerans distributed the 1999 Legislator Notebooks to the Board. He explained that it was the Third Edition of the document and complimented Vice Chancellor Clark and her staff for a job well done. "It's the best ever produced," he said.

As Mr. Kerans reviewed the contents of the notebook, he pointed out that System and campus facts are organized around the Board's four chief goals: access, cost-effectiveness, employability, and quality. "The notebook is designed to make a multi-billion dollar enterprise, with hundreds of programs, visible, transparent, and understandable," he observed.

Ms. Christopher asked if the notebooks had prompted any feedback from legislators. Mr. Kerans reported that freshmen members are most appreciative of the document, as well as members of the Ways and Means Committee, the Education Committee, and the Higher Education Legislative Caucus. He concluded by saying, "It's been a very useful tool."

**Summary**

On December 9, 1997, during a meeting between Oregon congressional delegation staff and System representatives, congressional staff members requested (and the System agreed to provide) a description of federal appropriations priorities in a unified document forwarded by the Chancellor. On December 17, 1997, a letter was delivered to each campus president soliciting their "top three" federal appropriation priorities. Each OUS institution was responsible for developing the rationale, background material, executive summary, and likely source of federal funding for each of the institution's stated priorities. Participants enlisted for the discussions, and the ranking of the selected projects, were at the President's discretion. A basic outline of campus priorities was reported to the State Board at the February 20, 1998, regular meeting.

The culmination of the System's ten-month effort came on October 21, 1998, when President Clinton signed H.R. 4238, the Omnibus Consolidated and Emergency Supplemental Appropriations Act for
Fiscal Year 1999. The spending bill included funding measures for some of the largest Federal agencies, such as Labor-HHS-Education. These bills, approved in the Omnibus package, included several earmarks for Oregon’s public universities.

Several campuses listed federal appropriations priorities that evolved into successful competitive grants or funding shares of a larger federal agency budget. More than half of the projects listed in the 1998 OUS priority requests that received congressional delegation letters of support also received some form of appropriation bill language. System campuses, including the Oregon Health Sciences University, secured $6 million in direct earmarks and federal agencies have been instructed by Congress to consider additional amounts, totaling more than $4.3 million, for campus projects and programs.

The Oregon congressional delegation, supported by campus presidents and federal affairs representatives, worked diligently to secure funding for Oregon’s public universities. Most importantly, several valuable lessons were learned for the upcoming Fiscal Year 2000 appropriation cycle. The coordination and presentation of a System Priorities Notebook, vigilance on the part of institution staff, and the letters of support from delegation members played a key role in the success of individual campuses.

Board Discussion

Andy Clark, senior associate director of Federal Affairs, explained the relatively new process for securing federal funds. “Given the positive experience we had in the last cycle, there are going to be plenty of opportunities for institutions to fund, or seek funding for, programs and projects that are in accordance with their mission, as well as being in line with what the Board has been considering over the past several years,” said Mr. Clark.

Mr. Willis asked if there was a sense that the new process was working. Mr. Clark responded that it was, despite the fact that there is not a member from Oregon on the House and Senate Appropriations Committees. “It’s working because it’s clear. There’s no confusion about what the State Board of Higher Education supports and what the campuses are pursuing.”
Chancellor Cox complimented Mr. Clark's work in Washington, D.C., adding, "He has done a wonderful job in building rapport with the staffs to the Oregon congressional delegation. That, over time, pays off, particularly in terms of favorable consideration."
OREGON UNIVERSITY SYSTEM
FISCAL YEAR 1999 FEDERAL APPROPRIATIONS

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* The conference agreement includes $15,000,000 for DNA Identification State Grants, as proposed by both the House and the Senate bills. Within the amount made available under this program, it is expected that the CJJ and the FBI review a proposal, provide a grant if warranted, and report to the Committees on Appropriations of the House and the Senate on its intentions regarding: a forensics science partnership between the Oregon State Police and Western Oregon University.

**The conference agreement includes bill language identifying $65,345,000 for the construction and renovation of health care and other facilities. These funds are to be used for the following projects: Oregon Health Sciences University.
President Imeson referred to both the Governor's and Senate President's biennial budget proposals, noting that both were supportive of the new budget model and its implementation, although in a phase-in period of two biennia rather than one.

"There will be a lot of activity that will require us to be in a position to respond as budget levels develop. As a result, I am reactivating the Budget and Finance Committee and have asked Mr. VanLuvanee and Ms. McAllister to serve on that Committee. I've also requested that former Board members Mark Dodson and Rob Miller be involved as well," reported Mr. Imeson.

Continuing, Mr. Imeson said, "Our job is to work on how to phase this in while accomplishing the key objectives we created. However, it will be a fluid situation over the next several months and I think the work of the Committee is essential in its ability to be responsive."

"We've identified 10-12 areas of activity, and one of the first priorities is the driving policy issues such as tuition fee remission, Vice Chancellor Anslow said. "We are attempting to prioritize those things we need to do immediately. Some parts of the model will take some time, such as setting the funding around performance funding, which will likely be set up by May or June," he shared.

President Imeson began the discussion by expressing his appreciation on behalf of the Board for the opportunity to work with people from the Central Oregon community over the last several months.

The Chancellor reminded Board members that last July, at the conclusion of a joint discussion with the Central Oregon Community College (COCC) Board, a joint working group was created, with the charge of thinking about what postsecondary education services, particularly at the upper division, university level, should be for the residents of Central Oregon into the new century. This group was comprised of Kate Van Voorhees, chair of the COCC Board; Robert Le Duc, COCC Board member; Phyllis Wustenberg and Jim Lussier from the OUS Board; Chancellor Cox; COCC President Bob Barber; and Dick Markwood, director of the University Center; and Bart Queary, COCC vice president for instruction, who served as additional
staff. "We have spent a very intensive six months, both meeting as a
group and meeting with significant numbers of members of the
community and organizations, both public and private. We have
received a great deal of input, and we’ve done our best to try and
process it," reported the Chancellor.

He continued, "What we’ve shared with you is a work in progress
rather than a definitive statement, but nonetheless, one to which we
increasingly bring greater clarity. One of the things about this group
that the two Boards created was that after the first or second
meeting, it didn’t matter where you came from or who you
represented, because members didn’t represent organizations. It’s
been one of the wonderful things about this experience, and, I think,
one of the most promising indications for future success about this
and similar collaborations."

Explaining the document prepared for the Board’s review, the
Chancellor said, "What we’ve done for you is to produce a vision of
what upper-division, university-level instruction and program services
should look like, we believe, ten years out. We’ve gone so far as to
call this vision the ‘University’ in Central Oregon. We’ve used the word
prototype, because what we see evolving there is a marvelous
opportunity to experiment with a very different kind of model for
delivering educational services. What we envision would be upper
division, based on the curricular foundation of COCC, without in any
way diminishing COCC’s role and appropriate contribution as a
community college. Let me restate this critical point, that COCC is an
outstanding community college, it’s role is absolutely central, and we
intend to build on that in some very imaginative ways. We envision a
significant amount of synergism in terms of staff, in terms of facilities,
and in terms of budgeting. We intend to make maximum use of
previous and new investments. We contemplate together creating a
new facility on the COCC campus, that COCC will build. We will
become a long-term anchor tenant in that facility, possibly as much as
30,000 square feet, but again, owned by COCC."

Chancellor Cox said that the emphasis will be on the learner and on
learning, which will be both synchronous and asynchronous. "We
know that there will be faculty teaching in traditional settings, and we
also know that there will be learning going on that is totally
asynchronous, not bound by calendar or distance or time. We believe
that both are important, in fact we think we ought to drop the word
‘distance’ and simply think of learning as ‘learning.’"
In terms of curriculum, the working group identified about seven different areas that are needing immediate attention. An expansion of programs in the liberal arts, business administration, general science and allied health, computer science, education, manufacturing engineering, and, eventually, selected professional degrees, were all named by the Chancellor.

“We expect that this partnership will continue to involve our independent colleagues, who, at the present time, deliver several different programs,” said Dr. Cox. “Lewis and Clark and Linfield Colleges are there, and discussions are ongoing with Marylhurst about bringing additional programing.”

The Chancellor said that the Central Oregon Joint Boards intend to create a regional advisory board at the first of the year, to which it can delegate some responsibility. Further, this advisory board would work with the Chancellor’s Office to bring back to both Boards a more comprehensive plan as to what, ultimately, things may look like.

While noting that the University Center would capture all students who attend COCC and who intend to move to a four-year degree program, the Chancellor pointed out that the Working Group estimated that in ten years, the upper division size could range between 1,200-1,500 students. “What we would propose to do as we build programs, using colleagues in both our System and beyond, is to have the entity grow as enrollments develop that would support it. With the new budget model, what will grow are programs. I’d like to assure this Board that we are not replicating an existing institution. This institution will not be formed in the shadow or shape of anything that currently exists. Emphasis will be based on learning, and it will be described by the words sharing and collaboration and adaptive and regional,” observed the Chancellor.

Dr. Cox assured the Board that each step of the process will be routinely reviewed by the Board. “For example, we’re going to push ahead with signing a long term lease for a building to house the University Center, which COCC will build. This lease will come back to this Board for review and hopefully approval. When programs are taken to Central Oregon requiring a substantial commitment of funds or full-time resident faculty, this will come to you for review. I will work with the regional advisory board to assure that the programs we are bringing are the ones that are needed, but you’ll review those as well. The acquisition of capital equipment and the investment in facilities
will also have to come back to you for review. All future key decision points will be brought before the Board by me and subsequent Chancellors," he said.

In concluding his remarks, the Chancellor said, "We are, in name, the Oregon University System, and we must become ever more Oregon's university system. Not just in the communities where we're presently located, but everywhere in the state where there is a need that we can bring legitimate services to. This is based on the commitment that we've made and that our institutions have made, to public higher education and it's importance to the businesses, the industries, the institutions, and the people of this state."

Ms. Van Voorhees expressed her appreciation to the Board of Higher Education and Chancellor Cox for the strong commitment to the vision by many in Central Oregon. She added that her time with the Central Oregon Joint Boards was amazingly exciting and productive. "It's been a real treat, in terms of having common aims and being able to form something that led to them. I know some of the Board members were at a community hearing in November and they were able to hear the response of Central Oregonians to a draft of this proposition. I wish you all could have been there, but please accept my heartfelt testimony. As we have talked to chambers of commerce, economic development organizations, service clubs, and community groups, the level of enthusiasm and widespread support is truly indescribable."

President Barber observed, "It's kind of a new way to plan but it's been a good experience for us and it has challenged us. I also think it's very timely to be thinking about these things, and it's important to note that we've increased in size by 50 percent in the last five years. We anticipate increasing another 50 percent in the next five to six years. The time is now to do this planning, and I think we're off to a good start. I fully recognize there are many steps in this process and we hope you endorse the position we're in now. We look forward to creating more specifics for those benchmark points where you have to make decisions in the future."

"I'm not here to represent Central Oregon, although I must profess a strong bias as someone who's lived there since 1970, and some strong feelings about what we as a State System could do in terms of meeting the needs of higher education in Central Oregon in a rather innovative and creative way," said Mr. Lussier. "I also think we are looking as citizens of Central Oregon for a strong commitment from
this Board and the System of Higher Education to not only acknowledge the needs in Central Oregon but to begin on a road to expand those services that meet the needs of the region."

Continuing, Mr. Lussier said, "Our access to higher education is limited and it needs to be responded to in a big way. It is about community development, a sense of place, and people who are placebound in Central and Eastern Oregon and perhaps don't have an opportunity unless they get it in Central Oregon for higher education services."

Mr. Lussier pointed out that the Central Oregon region is a service area and that a large number of residents are employed in areas that respond to the tourist industry. "While we have an affluent part of our society, we also have service people who need better training and access to new career jobs so they're not washing dishes in local restaurants for the rest of their lives. It is those kinds of things that we are looking to this Board for, and I think we all know the power of higher education and the ability to create communities and lifestyle," he said.

"We need a compelling vision, and we also need to be able to assure not only our Board and the Universities in the System, but the citizens of Central Oregon that we are prepared to take some specific steps and to explore ways of making some of the things we talked about a reality. We did not stick very closely to a traditional approach, and we are not asking for the commitment of plans or the approval of details that have yet to be developed. What we are seeking is an acknowledgment that there is a very strong need for higher education in Central Oregon, and a commitment on the part of this Board as to our direction, and your willingness to guide our development of this program on into the future, as well as the involvement with others," said Mr. Lussier.

Ms. Wustenberg noted that she felt privileged to have been involved in the Central Oregon Joint Boards, adding that she hoped she could continue in some capacity. "I think it needs to be said that throughout this whole lesson in development, it's been our aim to not take away from anyone anything that is in existence in higher education. We're doing what OUS and the Board are designed to do. When we go into an area with great need, and we're innovative in the way that we fulfill
our responsibilities, I think that's very important." In concluding her remarks, Ms. Wustenberg said that the Chancellor's leadership throughout the process had been instrumental throughout the process.

The Chancellor acknowledged a letter to OUS Board members recently received by former Board member Becky Johnson, who was in the audience. "I hope we answered some of the concerns that Mrs. Johnson raised, particularly about the continuing role of the importance of the community college, the role of the independent colleges in this partnership, and some clarification about the role of the regional advisory board," he said. "This will not be a governing board—both Dr. Barber and Ms. Van Voorhees have reinforced that several times in our discussions. It will be advisory, but that advice is fundamental if we are to make our dollars go as far as possible in meeting the region's highest and best need."

Mr. Lussier shared a letter from Clark Satre, customer business manager of Pacific Power, who expressed strong desire and interest in the Central Oregon University concept.

Ms. Christopher asked Mr. Anslow about where monies would be for the effort, using the new budget model. The Vice Chancellor identified four avenues: 1) in the cells, in terms of the numbers of enrollment that would occur; 2) tuition generated as a result of enrollment; 3) targeted programs and 4) monies targeted for regional programs.

"Are fees paid by students going back to various institutions that are providing the programs or are they going back to Central Oregon to support the technology base for those students on campus?" asked Mr. Koch.

Vice Chancellor Anslow asked Dr. Dick Markwood, director of the Central Oregon University Center, to respond. "We have a number of different arrangements on collecting those fees. The principle that we follow is that we don't charge students in Bend fees that go to the campuses. We supply technology services and so forth, and library services in Bend, and students pay a local fee for those. We negotiate with the institutions on how to adjust the on-campus fees," Dr. Markwood explained.

Mr. Willis asked how the private institutions connect into this process. Dr. Markwood shared that currently, Linfield and Lewis and Clark are
delivering approximately five or six degree programs in Bend. "They are supporting those programs based on a tuition recovery model, which is very typical of distance education in the past, and are managing to generate enough income to sustain those programs. We've had very preliminary conversations with Marylhurst. They're delivering a program, although we do not have an agreement with them at this time," said Dr. Markwood.

Chancellor Cox shared that, as technology makes possible, Central Oregon University does not envision limiting providers to only OUS institutions and the 14 independents in the state. President Barber commented that COCC has always tried to keep a very open market for all of the programs that are interested in coming in. "However," he said, "the reality is in some circumstances, public institutions and OUS have a little more experience in distance learning, they have a little more technology, and they have a little more access and a support system, so we tend to see our public institutions being able to deliver faster programs in more depth, but we've never ruled out any partner to meet a particular need if we couldn't do it."

Ms. Christopher asked for clarification on the one-page document, which was separate from the original recommendations in the larger document dated October 23, 1998 (on file in the Board's office). Chancellor Cox confirmed that it was a distilled version of the 10- to 20-year vision. He noted that the larger document had been reviewed twice by the COCC Board.

In concluding the discussion, President Barber observed, "One of the spinoff activities is that we're seeing a lot more interest in programming from all of the institutions, and taking a close look at the market as it relates to their ability to serve the region. I don't want to lose the fact that the current institutions within OUS are doing a wonderful job of bringing additional programming to our region while this planning is going on."

Mr. Lussier moved and Ms. Wustenberg seconded the motion to adopt the planning documents as submitted by the Central Oregon Joint Boards, and to approve the general directions contained therein, with the understanding that the specific proposals and programs that are developed will be brought back to the Board for scrutiny and
approval at a later date. The following voted in favor: Directors Aschkenasy, Christopher, Koch, Lussier, McAllister, VanLuvanee, Van Patten, Willis, Wustenberg, and Imeson. Those voting no: none.

**Governance and Structure**

Mr. Willis reported that the work of the Committee was nearly complete. He noted several recent accomplishments, including articulating the Board’s relationship with the Chancellor and presidents through the review process and revision of Internal Management Directives.

"In some ways, the work of governance and structure will never go away. We'll always be working on that, but it's time to start letting other things drive it. Based on the discussions that took place at the AGB Workshop, it's clear we need to start thinking about transition and about the idea of strategic direction and goals," he said.

**Joint Boards Working Group**

Mr. Lussier shared that the Governor's directive for a partnership plan by March 1, 1999, would be the primary driver for the Committee in the immediate future, although a joint articulation work plan and distance learning remain high priorities.

**OHSU Board**

President Imeson asked OHSU Provost Hallick for a report. She said that at the Board's most recent meeting, three prevalent issues were discussed: 1) approval of a new OHSU Partners program; 2) budget discussions and the upcoming legislative session; and 3) approval of a new bond issue and four of the initial projects that will be funded by that.

Describing the new OHSU Partners program, a limited liability company (LLC), Dr. Hallick shared, "Its purpose is to develop a network of partner relationships to better deliver health care in Oregon. The first partner is Asante Health Systems, based in Southern Oregon."

Dr. Hallick noted that Dr. Dennis Ruby, a researcher in the Microbiology Department at OSU, was presented with a Discovery Award alongside Dr. Charles Kimmel from UO (see page 594). She mentioned this in her report because OHSU provided some of the seed money for Dr. Ruby's work through the Medical Research Foundation, which has a tradition of funding investigators around the state who are doing basic research fundamental to medical science.
Mr. Robert McCleary, a representative from Officers at Risk (OAR), a group of public safety officers from PSU, was first to speak. (A copy of his testimony is on file in the Board’s office.)

OAR filed a request with the Board to modify the title of public safety officer to a working title of university police. Mr. McCleary shared the groups’ concerns and asked the Board for consideration of its request.

Mr. Robert Willner, executive secretary of the Confederation in Oregon for Language Teaching (COFLT), expressed his appreciation for the Board’s support to require oral proficiency in a second language for students entering OUS institutions. (A copy of his testimony is on file in the Board’s office.) Mr. Willner was joined by Dr. Suwako Watanabe, associate professor of Japanese at PSU and vice president of COFLT.

Mr. Willner shared that he is concerned about the amount of instructor preparation necessary to both teach the languages and appropriately assess proficiency to the level to which the Board adopted for admission into OUS institutions beginning in fall 2005.

Offering his thoughts on solutions to this challenge, Mr. Willner said that he believed Oregon universities have the capability with current resources to provide the language training needed, but added that priorities and incentives should be shifted from traditional academic pursuits to proficiency-oriented teaching and teaching programs.

The Board moved to an Executive Session at 1:45 p.m., for the purpose of deliberations with its labor negotiator. The Executive Session adjourned at 2:10 p.m. With the Board reassembled in the original meeting room, President Imeson adjourned the regular Board meeting at 2:15 p.m.

Andy Clark, senior associate director of Federal Affairs, briefly reviewed the Act, which was extended for five years (a summary of major issues of the Act is on file in the Board’s office). It was signed into law on October 7, 1998.

Chancellor Cox asked Mr. Clark what major points the Board should be considering. "Teacher training and campus safety are prominent issues," said Mr. Clark.
Mr. Imeson asked Mr. Clark if the Oregon delegation in Washington, D.C. was receptive to the increased presence by the Chancellor's Office. "Yes, it has been helpful," shared Mr. Clark. Continuing, he said, "The fact that someone is there to make a phone call or get information to them is very helpful. It also shows the delegation that we're coming to them for more than money. We're there on many different levels, not just with our hands out."

The topical presentation and work session concluded at 2:25 p.m.

Diane Vines
Secretary of the Board

Tom Imeson
President of the Board