

**OREGON STATE BOARD OF HIGHER EDUCATION  
 AGENDA FOR THE REGULAR MEETING OF THE BOARD  
 ROOM 1026, CAPITAL CENTER  
 BEAVERTON, OREGON  
 DECEMBER 20, 2002  
 9:00 a.m. - 12:30 p.m.**

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<u>Call to Order</u>	
<u>Roll Call</u>	
<u>Approval of Minutes</u>	
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♦ Approval of November 22, 2002, Special Board Meeting Minutes <i>(pages are not sequential with the documents)</i>	
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<u>Chancellor's Report</u>	
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## **Public Input Session**

## **Items from Board members**

## **Items from Presidents**

## **Delegation of Authority to Board's Executive Committee**

## **Adjournment**

OSU INTER-  
COLLEGIATE  
ATHLETICS  
DEPARTMENT  
FISCAL  
STATUS  
REPORTIntroduction

The purpose of this report is to communicate the fiscal status of the Intercollegiate Athletics Department (Athletics) of Oregon State University (OSU) in accordance with the request of the Budget and Finance Committee (Committee). In their April 19, 2002, meeting, the Committee requested monthly reports on the financial condition of OSU Athletics in order to more closely monitor the progress being made by Athletics in meeting their deficit reduction commitments. This is the first such report for fiscal year 2002-2003 as sufficient operating activity has occurred through October to allow meaningful year-to-year comparison of fiscal results.

The attached financial statement presents the revenues, expenses, and changes in fund and cash balances of Athletics as of October 31, 2002 and 2001. The year-to-date amounts as of October 31, 2002, were compared to the results as of October 31, 2001, and explanations for material variances between the year-to-date amounts were provided by OSU (see below). Footnotes to the financial statement are also attached to provide additional disclosure and explanation.

University's Analysis of Operations

Variances in the operating results through October 31, 2002 from the operating results through October 31, 2001, that were in excess of \$0.5 million, were identified for further analysis. The amount reported for Operating revenues varied from the prior year amount by over \$0.5 million and an explanation has been provided below for this variance:

- ▶ Operating revenues totaled \$5.7 million through October 2002, compared to the prior year amount of \$4.4 million, resulting in an increase of \$1.3 million. Current year revenues from football are greater due to having seven home games in 2002 compared to five in 2001 and increased prices for the Oregon game.

It is expected that Athletics will meet the Board's mandated deficit reduction commitment for the fiscal year ending June 30, 2003.

**Chancellor's Office Review**Process

The Chancellor's Office has reviewed the financial statement and analysis prepared by OSU to test the reasonableness of the amounts reported, the projections presented, and management's assumptions.

This review included the following:

- Reconciliation of amounts reported to the accounting records;
- Selected review of unusual amounts, trends, etc.;
- Review of material accounts receivable balances; and
- Review of management's explanations of material variances for reasonableness.

Analysis

The amounts reported in the financial statements reconciled to the accounting records and review of material accounts receivable balances further substantiates the operating results. In addition, the explanations provided by OSU for the material variances between actual amounts reported through October and the prior year amounts for the same time period were reasonable.

The fiscal condition of OSU Athletics has improved over the prior year by \$1.5 million. The University's projections indicate that Athletics will meet its deficit reduction commitment for the year ending June 30, 2003.

Staff Recommendation to the Board

Staff recommends the Board approve the fiscal status report as submitted.

BOARD ACTION:

ACCEPTING  
ACCRUED  
LEAVE  
BALANCES  
FOR AHA  
EMPLOYEES

Background

AHA International (AHA), formerly American Heritage Association, Inc., is a non-profit corporation founded in 1947. From its headquarters in Portland, AHA successfully sponsors study abroad programs at 14 sites in Africa, Europe, and South America in partnership with various colleges and universities, including OUS and its institutions. The University of Oregon (UO) and AHA began working together in 1977, the year UO joined the Northwest Council on Study Abroad (NCSA). As a result of a study undertaken by the Board of Directors, AHA approached the UO in early 2001 to explore the possibility of affiliation to position AHA for continued growth and leadership in study abroad programs.

Since that time, UO and AHA have undertaken due diligence regarding a potential merger. As part of its due diligence, UO requested the University of Oregon Foundation pay for a full audit of AHA and reviewed AHAs outstanding contractual and employment obligations. UO has reviewed AHA financial operations and documents and met with employees and other individuals who operate AHA programs at study abroad sites. UO arranged through OUS and the Oregon Department of Justice to hire foreign counsel to provide on-going legal advice for operations in the countries where AHA operates sites. The University of Oregon Foundation has conducted appropriate review of the real property that will be transferred to the UO Foundation. Results of the review have identified no liabilities other than standard current operational encumbrances and have determined AHA has adequate revenues and cash flow to support its operations.

AHA and UO have worked diligently to develop a structure to combine their efforts in study abroad, designed to take advantage of the strengths of each. Because of AHAs successful operation of its programs, this merger will greatly enhance the UO study abroad programs without draining UO resources. At the same time, it provides AHA the opportunity to implement improved accounting, administrative, employee and student support systems through affiliation with a large university. The Board of Directors is currently preparing to dissolve its corporate structure and become a program of the UO. As part of their agreement, AHA International employees will become UO employees, AHA operating funds will be transferred to UO, and AHA reserves, real property, and any other long-term assets will be transferred to the University of Oregon Foundation, for use by AHA programs.

Because this merger involves only the expansion of instructional programs and does not involve the adoption of a new academic program, it does not require Board approval. However, one aspect of the merger related to employee benefits for incoming AHA employees does require Board authorization.

AHA employees receive a benefits package similar to what they will receive as UO employees. Like UO employees, they earn sick leave and vacation leave that may be accrued over time. Under OSBHE administrative rules, AHA employees would be unable to bring accrued sick and vacation leave balances when they become UO employees. Although AHA has adequate fund balances to pay employees an amount equal to their accrued sick and vacation leave

balances, that is not the wish of UO, the AHA Board of Directors, or AHA employees. All recommend current AHA employees be allowed to bring accrued sick and vacation leave balances to the UO. The UO will maintain fund balances at the University of Oregon Foundation to reimburse the UO for leave costs at the time they are incurred. This allows employees to have adequate leave time in case of illness and to have vacation available on a standard basis.

The University of Oregon requests the Board authorize UO to accept earned sick and vacation leave balances. AHA funds equal to the cost of the leaves will be transferred and maintained at the University of Oregon Foundation so that UO will not be responsible for funding these accrued balances.

Staff Recommendation to the Board

Based on the due diligence detailed above, staff recommends that the Board accept for information and endorse the merger of the American Heritage Association, Inc. into the University of Oregon. Staff also recommends that the Board authorize UO to accept earned sick and vacation leave balances of employees of American Heritage Association, Inc., conditioned on AHAs transfer of sums, at least equal to the costs of all earned leave balances, into the UO Foundation.

BOARD ACTION:

REVISED  
EXPENDITURE  
AUTHORITY,  
UO-GILBERT  
HALL  
ADDITION

Summary

University of Oregon (UO) seeks Board approval to authorize the Vice Chancellor of Finance and Administration, or designee, to seek an additional \$5.3 million of Article XI-F Bond limitation from the Legislative Emergency Board, with an equal reduction of Gift Fund limitation, from the Legislative Emergency Board to meet cash needs that cannot to be fulfilled as planned by the University Reserves until private gifts are in hand.

Background

In June 2001, the Legislature approved an additional \$33 million in spending authorization for the project, extending the previously authorized Gilbert Hall Additions and Alterations (Campus Development Project), for a combined total of \$40 million. Due to the current economic climate, the University planned to meet the cash

requirements with University Reserves. This option is no longer viable due to Legislative budget cuts that have caused reserves to be reallocated. The Gilbert Hall Addition and Alteration is 90 percent funded with private gifts, which will be used to pay the debt service. To hasten the full utilization of the new Gilbert Hall building, F-Bonds are required. Without F-Bonds in hand, the equipment and furnishings cannot be purchased, which would delay the opening of the building until 2006.

The use of Article XI-F bonds will bridge the cash shortfall allowing the project to remain on target for a Fall 2003 opening. The estimated \$621,000 in annual debt service will be paid by donations.

#### Statement of Need

The Gilbert Hall Additions and Alterations Project provides a 145,000 square foot addition. The new state-of-the-art addition will offer 20 new high-tech classrooms for 21st century learning. The classrooms are designed to facilitate team learning. A wireless network will allow students to connect to the university's high-speed network anywhere inside the building. The new building will use advanced green building concepts, employing thermal massing, "stack-effect" cooling and day lighting to minimize environmental impacts and significantly lower operating costs. The new building has been designed with energy efficiency in mind and incorporates photovoltaic cells to generate a portion of its electrical demand. Energy modeling suggests that the building will exceed requirements of the state energy code by 45 percent.

#### Schedule

The project is currently under construction, and awaits the change in funding authorization to proceed with the purchase of equipment and furnishings.

#### Financial Considerations

Funds to provide bridge financing until gift receipts are in hand will be provided by existing OUS system-wide Article XI-F bonds. The annual debt service will be paid entirely by the University in the form of gifts.

Staff Recommendation to the Board

Staff recommends that the Board approve University of Oregon's request to authorize the Vice Chancellor of Finance and Administration, or designee, to seek an additional \$5.3 million of Article XI-F Bond limitation, with an equal reduction of Gift Fund limitation, from the Legislative Emergency Board.

## BOARD ACTION:

PH.D.,  
MATHEMATICAL  
SCIENCES, PSU

Portland State University proposes to offer an academic program leading to the Ph.D. degree in Mathematical Sciences, effective fall 2003. The University of Oregon and Oregon State University currently offer Ph.D. degree programs in Mathematics. Portland State University's proposed program differs mainly in the high amount of interdisciplinary training and opportunities for application that are built into the curriculum.

The purpose of this professional doctorate is to provide interdisciplinary breadth, as well as depth in the field of mathematics and statistics. Therefore, the program will accommodate a broad range of interdisciplinary partners – computer science, engineering, physics, biology, economics, finance, urban studies and planning, public health, etc. Students will be required to complete a total of 96 graduate-level credits: 45 credits of core mathematics and statistics courses, 15 allied area credits, 9 doctoral seminar or internship credits, and 27 dissertation credits. They will also be required to demonstrate competency in a language, other than English, that is approved by the student's advisory committee (e.g., French, German, Russian, Japanese, Spanish). The student's experience will extend beyond coursework to the doctoral seminar/internship component of the program. All students must perform satisfactorily on three written examinations in mathematics. In addition, students will either complete a comprehensive examination administered by, or complete a research practicum approved by, the graduate committee in the allied area. Finally, each student will present and defend their dissertation.

Portland State University anticipates serving two to five students initially, increasing to 15 to 20 students when the program has grown to expected funding and expansion levels. Graduates will have technical competence as well as versatility essential for understanding

larger operational issues, and communicating with and working in cross-disciplinary teams. They will be equipped with skills needed to thrive in the changing environment characterizing industry, government, and higher education. Whether working in the sciences, engineering, or mathematical sciences, people are needed who are well grounded in their field, yet also conversant with several subfields. This need has been expressed in both local forums and at the national level. The *Chronicle of Higher Education* quoted Procter & Gamble's manager of external relations, research, and development as saying, "In industry, we're not looking for cross-disciplinary experts. We're looking for experts who can work on cross-disciplinary teams." (4/28/00) The design of this program meets those expectations.

Faculty resources are sufficient to offer the program. Recognizing the need for a strong program in mathematical sciences, the institution authorized three new faculty hires. All three positions have been filled, two of which are in areas of applied mathematics. In response to a recommendation by the program proposal's external review panel, the department advertised for another faculty member who is an expert in scientific computation; she/he will start in fall 2003. Current department faculty have a good record of collaboration with researchers in allied areas; half have published joint papers with those in such disciplines as physics, computer science, mechanical and electrical engineering, biology, and applied linguistics. Allied faculty, as well as faculty in the discipline, are enthusiastic about this new major.

All necessary courses are in place and have the capacity to serve the number of students anticipated in this program. The department has made a commitment to support/reward faculty as their workload increases due to such endeavors as developing industrial contacts for student internship placements and allied area seminars, and advising Ph.D. students. This may take the form of release time, or additional criteria in promotion and tenure decisions. Per external review panel recommendation, a permanent Ph.D. committee will be formed to oversee the quality (e.g., depth, consistency, breadth) of the program. All other infrastructure requirements (e.g., library, facilities) are sufficient to implement the program.

The external reviewers – Dr. S. Keeler, senior manager, Geometry and Optimization Group, The Boeing Company; Dr. D. Rolfsen, professor of mathematics, University of British Columbia; and Professor Fadil Santosa, Mathematics, University of Minnesota – support the implementation of this program. They praised its

interdisciplinary design and use of industrial internships, as well as supportive faculty across the disciplines. One of the panel's concerns was the modest budget. The department responded that faculty are seeking funding opportunities through the National Science Foundation in programs such as GOALI (Grant Opportunities for Academic Liaison with Industry) and IGERT (Integrative Graduate Education and Research Traineeship). Additional support for graduate research assistantships is being sought from both internal and external sources, including industrial internship partners.

The only other panel recommendation that required program modification was the elimination of statistics and mathematics education as possible allied areas in the major because they do not cross a disciplinary boundary, which is one of the program's stated objectives. That change has been made.

All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

Staff Recommendation to the Board

Staff recommends that the Board authorize Portland State University to establish a program leading to the Ph.D. degree in Mathematical Sciences. The program would be effective fall term 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

BOARD ACTION:

REHABILITA-  
TION  
COUNSELING  
WITH DEAF  
AND HARD OF  
HEARING  
ADULTS,  
CERTIFICATE,  
WOU

Western Oregon University proposes to offer a certificate in Rehabilitation Counseling with Deaf and Hard of Hearing Adults during the summers of 2004-08. This nine-credit certificate is contingent upon receipt of a federal Rehabilitation Services Administration (RSA) grant.

The program has been offered on the Western campus for nearly 40 years. This proposal is submitted in response to a recent RSA policy revision requiring all nondegree training projects to be recognized by

their respective institutions as “approved academic certificate” programs in order to be eligible for federal funding.

Students would complete three credits each of American Sign Language (ASL), Introduction to Deaf and Hard of Hearing Studies, and Professional Issues: Rehabilitation Counseling with Deaf Clients. The grant covers the cost of all instruction. Additional consulting funds are awarded to support guest speakers, expert panels, and supervisors of intensive ASL practical experiences. Although no formal field experience is offered, the provision of appropriate communication accommodations is a specific learning objective. Traditionally, up to 30 percent of the participants may be deaf or hard of hearing, thus requiring the use of such things as infrared and electromagnetic sound enhancement technology for hard of hearing students, while interpreting, notetaking, and real-time captioning are provided to students who are deaf. Also, all students receive a complete hearing examination and observe the interpretation of other students’ test results. Finally, each ASL course employs a twice-weekly lab experience and an ASL-only retreat to enhance the effectiveness of instruction.

The need for such a program is great. Individuals who are deaf and hard of hearing continue to experience employment, career advancement, and independent living success rates that are far below those of their hearing peers. They are employed in jobs found predominantly in manufacturing industries and are characterized by low job security, low wages, and with little opportunity to advance beyond entry-level positions. Organizations that serve these populations must prepare their staff to communicate with and serve all citizens. The training provided by WOU has proven to be an appropriate balance of residential and intensive training while minimizing the time away from work to only four weeks. Participation is limited to 30 to 35 students per year; yet, over any three-year period, all 50 states and commonwealth territories are represented in the program.

Current faculty and staff are sufficient to offer the program. Library resources in deafness-related materials are updated monthly. Federal grant funds cover all costs of the program (\$100,000 per year). Each student receives a scholarship of \$2,000 for travel, and room and board. Eight thousand dollars covers indirect costs, and the remaining \$20,000 provides for program operation (e.g., supplies, consultants, instruction).

All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

Staff Recommendation to the Board

Staff recommends that the Board authorize Western Oregon University to establish a program leading to a certificate in Rehabilitation Counseling with Deaf and Hard of Hearing Adults. The program would be effective during the summers of 2004-08.

BOARD ACTION:

CONFIRMATION  
OF  
INSTITUTIONAL  
DEGREES

Background

ORS 351.070 states:

(3) The board may, for each institution under its control:

(f) Confer, on the recommendation of the faculty of each such institution, such degrees as usually are conferred by such institutions, or as they deem appropriate.

For a number of years, the Board has interpreted the above referenced ORS to mean that the full Board would approve faculty recommendations for confirmation of degrees and diplomas. However, in the minutes of July 18 and 19, 1932, it is noted that the Board agreed to the following:

In order to establish a uniform procedure in the Board's consideration of lists of applicants for degrees, the Board directed that a committee of one for each of the institutions under the control of the Board be appointed by the Board at its April meeting and visit the respective institutions with power to act for the Board in considering recommendations for degrees.

Other minutes of Board action indicate that the lists of individuals upon whom degrees were conferred continued to come to the full Board for approval. In examining ways to streamline Board operations, and upon advice of legal counsel, it appears redundant for Board members to sign the authorization of degree granting and then have the full Board approve the lists. Staff recommends that, following approval of the list of graduates for 2001-2002, presented below, that

the Board return to the practice of accepting the signature of the Board member assigned to an institution as confirmation of the degree without further formal action by the Board.

Staff Report to the Board

In accordance with Board procedures, the following members represented the Board in approving candidates for degrees and diplomas for the graduating classes at the designated institutions during the 2001-02 academic year and summer session:

Eastern Oregon University  
Phyllis Wustenberg

Oregon Health and Science University  
Tim Young

Oregon Institute of Technology  
Don VanLuvanee

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Oregon State University  
Leslie Lehmann  
Tom Imeson

Portland State University  
James T. Lussier

Southern Oregon University  
Erin Watari

University of Oregon  
Geraldine Richmond  
Tim Young

University of Oregon Law School  
Tim Young

Western Oregon University  
Roger Bassett

Staff Recommendation to the Board

Staff recommends that the Chair of the Board be authorized to verify, on information from the institution President and/or from attendance

of a Board member at an institution graduation and his/her subsequent signature, confirmation of degrees and diplomas.

BOARD ACTION:

INTERNAL  
AUDIT DIVISION  
PROGRESS  
REPORT AND  
PLAN

Summary

The attached report outlines the internal audit progress report for activities occurring in calendar year 2002 and plans for the calendar year 2003. In accordance with the Board audit charter, the Executive Committee has the responsibility to review and approve the resources, plans, and results of internal audit activity.

Background

The authority and responsibilities of the Internal Audit Division (IAD) have been established in an office charter revised and approved by the Vice Chancellor for Finance and Administration, Chancellor, and the Board of Higher Education.

The IAD is an independent appraisal activity established to perform audits of Oregon University System (OUS) operations. The division's responsibilities include conducting reviews and providing OUS personnel with information related to the following:

- Reliability and integrity of financial and operating information;
- Compliance of systems to applicable policies, procedures, laws, and regulations;
- Safeguarding of assets; and
- Efficiency and effectiveness of resources employed.

The OUS Internal Audit Division also serves as a liaison for external audit activity conducted at OUS campuses. IAD has a number of primary stakeholders:

- Oregon State Board of Higher Education;
- Chancellor and Vice Chancellor of Finance and Administration; and
- University Presidents, Provosts, and Vice Presidents.

Staff Recommendation to the Executive Committee

Staff recommends that the Committee review and approve the Internal Audit Division Progress Report and Plan.

COMMITTEE ACTION:

The Executive Committee approved the item as submitted and recommended full Board approval.

BOARD ACTION:

AMENDMENT  
TO OAR 580-  
040-0040  
ACADEMIC  
YEAR FEE  
BOOK,  
PERTAINING TO  
TUITION  
SURCHARGES  
(TEMPORARY  
RULE)

Report to the Executive Committee

The staff recommends the Executive Committee of the Board approve a temporary rule change to the 2002-03 Academic Year Fee Book through the conditional assessment of tuition surcharges for Winter and Spring Terms 2002-03. The Executive Committee was granted this expressed delegation of authority by the Board at the October 18, 2002 meeting.

The Board also approved the concept of assessing tuition surcharges to help mitigate the further loss of state general revenues should the voters reject the proposed Income Tax Surcharge in the January 2003 special election. The Legislature, in the September 2002 Special Session 5, stipulated the Oregon University System would be subject to further state appropriation reductions totaling \$26,914,987 if the Income Tax Surcharge were rejected. Approximately \$23.4 million of the \$26.9 million will come from instruction and instructional support allocations.

Enrollment demand at the OUS institutions is at an all time high and continues to grow. The growth, coupled with the series of general fund reductions over five special sessions of the Legislature this biennium, has resulted in a decline in the amount of total resources per student that institutions have available for instruction and support services.

The institutions, following discussions with student leadership, propose assessing tuition surcharges to offset approximately one-half the amount of the general fund reductions should the voters reject the Income Tax Surcharge and the Legislature take no further action to offset the scheduled reductions (see supplementary materials for

assumptions that underlie surcharges and tables for each university). The universities will reduce services and use limited fund balances to offset the remaining General Fund reduction.

The tuition surcharges being approved through this temporary rule are conditional. If the voters approve the Income Tax Surcharge in January, these charges will be null and void. Any tuition surcharges assessed in advanced will be refunded. Likewise, if the voters reject the ballot measure, but the Legislature takes action to offset the scheduled general fund reductions, the tuition surcharge will be null and void. However, if the voters reject the measure and the Legislature does not offset the reductions then the surcharges will be assessed.

*Need for the Temporary Rule*

The conditions precipitating the need for the tuition surcharges were unknown at the time the original tuition and fees were approved by the Board in July 2002. The continued eroding economic condition of the State of Oregon resulted in two additional Special Sessions of the Legislature after the 2002-03 Academic Year Fee Book was adopted.

The timing for this amendment is critical. Registration for Winter Term 2003 begins in mid-November. There are two options in dealing with the timing of tuition and fee assessment given the late date of the election. One is to assess the surcharge in advance and refund it if the voters approve the ballot measure in January. The other is to delay assessment of the surcharge until after the election and respond to the outcome at that time. Among the seven institutions, both options are being exercised.

*Staff Recommendation to the Executive Committee*

Staff recommends that the Board amend OAR 580-040-0040 as follows:

(Underlined material is added; brackets denote deletion.)

OAR 580-040-0040 Academic Year Fee Book

The document entitled Academic Year Fee Book, dated July 19, 2002 is hereby amended by reference as a temporary rule to incorporate assessment of tuition surcharges in the event the voters reject the Income Tax Surcharge ballot measure in

the January 28, 2003 Special Election and the Legislature takes no further action to offset the scheduled reductions.

Through the amendment, the Board adopts, as a temporary rule, the document entitled Tuition Surcharges 2002-03, memos of attachment amending the draft document, and other amendments and attached schedules noted in this agenda item. Consideration of the permanent rule will occur at the earliest possible meeting of the Board of Higher Education consistent with permanent rule-making requirements.  
(Roll call vote required)

COMMITTEE ACTION:

The Executive Committee approved the item as submitted and recommended full Board approval.

BOARD ACTION:

TUITION AND  
FEE  
RECOMMEND-  
ATIONS,  
RESIDENCE  
HALL AND  
FOOD SERVICE  
CHARGES,  
AMENDMENT  
TO OAR 580-  
040-0035,  
SUMMER  
SESSION FEE  
BOOK

Summary

The staff recommends the Board approve the proposed 2003 summer session tuition and fees and related policies.

There are three basic tuition and fee structures by which students may be assessed at OUS institutions: the regular academic year, summer session, and continuing education programs. The tuition and fees, attendant policies, and institutional housing rates submitted here for consideration relate only to the 2003 Summer Session. The fees are the mandatory enrollment fees students are assessed each term, including: tuition, building, resource, incidental, and health fees. The housing section reflects contract policies and rates for dormitory housing.

In February 1999, the Board Budget and Finance Committee approved a staff recommendation that the tuition and fee policy approval process be maintained until such time as the Board conducts a more intensive review of alternative approaches. Under existing policy, each of the three tuition structures is separate with its own unique rate setting process.

The summer session tuition and fees proposed in this staff recommendation are the results of institutional decision-making processes. These include institution administration and student committee deliberations or student referendum/initiative. Summer session tuition and fees are recommended by each institution President for approval by the Board.

### Fee Proposals Review

The various fee proposals submitted by each institution undergo a review by Chancellor's Office staff based on several criteria to assure the appropriateness of the recommendations. 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 is 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. The various tuition and fee proposals for each campus are noted in the detail section of this document.

Tuition and fees represent the mandatory enrollment charges assessed all students in the summer session program at all institutions. These fees consist of the following separately maintained fees: Tuition, Resource, Building, Incidental, and Health Services. The revenue generated by each element is dedicated to a specific purpose, independent of the other components.

Of particular note is the proposal to authorize institutions to assess tuition surcharges. Due to the continuing deterioration of the State of Oregon revenue picture, it has been necessary to allow institutions to add a tuition surcharge to the winter and spring term tuition rates, should further state appropriation reductions occur. The schedule for developing the summer session fee proposals has overlapped this process. The ultimate need for additional tuition income due to the state appropriation reductions will not be known until late January. As a result, the summer session tuition proposals do not include any tuition surcharges. However, should that need arise, the institutions will be authorized to assess summer tuition surcharges comparable to those assessed in spring term 2003. Schedule 8 reflects possible additional per credit charges pending the outcome of January special election.

The proposed fee rates and policies for the year 2003 Summer Session are set forth in the accompanying fee schedules.

### Public Hearing

A public hearing was conducted on November 19, 2002, at 10:00 a.m. in Room 358 of Susan Campbell Hall on the University of Oregon campus concerning the 2003 Summer Session Fee Book. There was no testimony presented at the hearing, nor was any written testimony submitted.

Staff Recommendation to the Board

After due consideration, staff recommends that the Board amend OAR 580-040-0035 as follows:

**Summer Session Fee Book OAR 580-040-0035**

The document entitled "Summer Session Fee Book 2003" dated December 20, 2002, 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 Summer Session 2003 will be adopted.

BOARD ACTION: (Roll call vote required.)

ACCEPTANCE  
OF THE  
REPORT OF  
THE STRATEGIC  
PLANNING  
WORK GROUP

Background

At the October 18, 2002, meeting of the Board, the *Strategic Planning Work Group Report* was presented and discussed. At that time, it was agreed that no official action would be taken regarding acceptance of the *Report*. Rather, the consensus was that there needed to be more widespread opportunity for institutions, individuals, and groups to provide feedback on the assumptions and recommendations of the *Report*.

A web site was established for public input; the Chancellor, in continuing the Public Forums, has presented the concepts of the *Report*, and conversations have been on-going with institution presidents. Support for the concepts of The Deal and the Flexibility Initiatives has been widespread.

Several suggestions have been made for minor changes and additions. Those are reflected in the Supplemental Materials.

In approving the *Report*, it is important to note that this implies acceptance of the 2010 Mission, Vision, Goals, concepts of The Deal, and the Flexibility Initiatives as detailed in the full report. A summary of the components follows.

Vision

OUS pledges to provide the educational services required by present and future citizens to make the contributions needed to sustain and propel Oregon into the future. We are committed to being more responsive to the needs of society.

OUS intends to provide access to a range of educational services of excellent quality tailored to the needs of Oregon's population. We aspire to provide value to all Oregonians regardless of their social attributes, residence, or economic circumstances.

Through the mission for public higher education devised by Oregon legislators (ORS 351), OUS is compelled to link access and excellence. Access without excellence shortchanges both the student and the public. Excellence without access is elitism that is inappropriate for the state's public universities.

Both the state and students have a vital interest in sustaining an affordable public university system that can be shared by all Oregonians.

Attaining the vision: 2010 Goals

OUS will focus its improvement efforts in three vital categories.

**Access and Excellence in Learning**

OUS aspires to achieve four objectives related to the access to and excellence of instructional programs as follows:

- (A) Increase enrollment capacity to 100,000 undergraduate, graduate, and professional students to meet the strategic needs of the state and interests of /learners.
- (B) Enhance student success to that currently enjoyed by the top states and public institutions in the United States.
- (C) Double the enrollment and degrees produced in engineering and computer sciences to meet the demands of Oregon's economy.
- (D) Double the spending on student financial assistance supported by state and institutional funds.

**Excellence in Research and Scholarship**

OUS will fulfill its obligation to the new Oregon by creating new knowledge and scholarship that serves the economic, civic, social, and cultural needs of the future. OUS will give special attention to research that serves the economic goals of Oregon industry and solves the scientific puzzles facing Oregon enterprises by 2010 as follows:

- (E) Double the amount of funded research and development (R&D) and technology transfer activities.
- (F) Double the number of graduate and professional programs ranked or recognized in the top 25 nationally.
- (G) Eliminate the gap in average faculty compensation and start-up packages offered by OUS universities compared with national peer universities to attract the brightest faculty in the world to Oregon's public universities.

### **Excellence in Service to Oregon's Communities**

OUS will add greater value to the worth of Oregon through service to the personal, civic, and entrepreneurial objectives of Oregon's citizens, governments, and businesses. The OUS will meet its public service obligations by responding to the needs of our communities as follows:

- 8. Extend universities into the cities and communities of Oregon to provide easy and low-cost access to the practical information citizens require for personal, professional, and business success.
- 9. Increase collaboration with partners to disseminate research findings to reach the widest possible audiences of interested citizens.
- 10. Provide opportunities for personal enrichment through the literary, artistic, and cultural treasury of Oregon and the world.

### *Flexibility Initiatives*

An array of Flexibility Initiatives provides explicit steps OUS can take to increase efficiencies in administrative operations and respond with greater agility to changing markets. There are 15 Flexibility Initiatives that are organized into four groups:

#### **1. Affordability, Tuition, and Enrollment Management**

Three specific proposals on financial aid, tuition, and enrollment management are connected by a common and direct link to the student. Issues concerning the price for students and financial aid are of critical importance to many students. To make policy choices that serve constituent interests, information must be gathered that is relevant, transparent, and valid for comparisons.

**2. Academic Program Development**

The interests of responsiveness to market demands, while using limited state resources in a most efficient manner, also reach across the higher education sector in Oregon. This initiative addresses issues of potential duplication and resolution of claims of adverse competition within the OUS. It also raises the question of the need for further review, with concomitant delays, at the state level, a burden not imposed upon our sister institutions in the independent sector.

**3. Fiscal Operations and Management**

This group for flexibility initiatives would permit campuses to:

- Eliminate expenditure limits on non-State Education and General operating funds;
- Eliminate restrictions when bonding does not create a General Fund obligation; retain interest earnings;
- Retain interest earnings on non-General Fund dollars;
- Buy, hold, and sell property; and
- Streamline IT and telecommunications purchases and contracts.

**4. Governance**

The issue of institutional and System governance structures has been extensively discussed and is not being pursued at this time.

**The Deal**

The conversation between OUS and the state must be a dialogue, not a debate. Recognizing the relatively bleak financial landscape in the near term, OUS views the establishment of growth supported by state funding as a multi-biennial effort. On the state's part, this includes funding at 80 percent of the peer average in 2003-2005, increasing to 90 percent by 2007-2009, and the implementation of the flexibility initiatives. On OUS' part, this means holding tuition and education fee rates to not more than the average State support per student, and accompanying tuition increases with a financial aid set-aside for the neediest students.

Research is a critical component of the OUS mission and provides a direct economic contribution to the state. Studies show that for every \$1 million in sponsored research expenditures in Oregon, 47 jobs are created. OUS faculty successfully compete for research and development contracts, contributing over \$200 million in FY 2000 through sponsored research alone. Recognizing these important contributions, the proposal includes provision for state investment in

research incentives based on performance in securing external research dollars.

In return for this investment, OUS pledges to:

- Achieve competitive performance (above the national average) in measures of student success and faculty accomplishment;
- Maintain a below-average cost to State taxpayers;
- Maintain a fair share of student investment, with affordability preserved for those with greatest financial need;
- Increase enrollment capacity to 100,000 by 2010;
- Double the level of funded research and technology transfer activities by 2010; and
- Expand university outreach and public service.

Following the presentation of the Report of the Strategic Planning Work Group at the October 18, 2002 Board meeting, discussions with Oregon University System presidents, staff, and student representatives, as well as further work on the flexibility initiative proposals, resulted in four substantive changes or additions to the original report:

### **1. Indexing Growth in Undergraduate Tuition and Fee Rates**

The October report stated that resident undergraduate tuition and education fee rates "shall not increase faster than inflation in the higher education sector over any three-year interval." Subsequent discussions and research suggested several possible indexing mechanisms, including the Higher Education Price Index (HEPI), tuition growth rates among OUS institution peers, and tuition growth rates among the Western states. Concern was raised about the possibility of a transition increase during the 2003-2005 biennium to support needs that extend beyond the level indicated by a simple inflationary index. The analysis and discussion will continue. Some type of index will be used to provide a predictable boundary on undergraduate tuition growth; however, the exact indexing mechanism is still to be determined. Tuition limitations will apply to undergraduate resident students only.

### **2. Assumptions Connecting The Deal and the Resource Allocation Model (RAM)**

Summarized, the assumptions underlying the relationship between the features of The Deal and those of the RAM are:

- **Purposes of The Deal and RAM.** The Deal is an approach to acquire funds and is intended to complement the RAM. The Deal outlines initiatives and objectives that intersect with budget decision-making as reflected in the RAM.
- **Impact of PERS and PEBB.** To maintain the Quality Index feature of The Deal (i.e., RAM cell value not to fall below 80% of the peer average), it is necessary to clarify the impact of PERS and PEBB increases on cell value.
- **Targeted programs.** Targeted programs reflect Board priorities in serving broader public goals. Funding of cells should not be diminished to the benefit of targeted programs. Specific targeted programs, such as the small school allocations, should be more closely aligned with the RAM cells, given their similar instructional support activities.
- **Definition of education fees.** OUS supports the resource fee as the single education fee.
- **Systemwide calculations.** Calculations supporting the student and state undergraduate resident share will be made on a Systemwide basis and not at the institution level.
- **Fees and fee remissions.** Guidelines will need to be developed regarding the establishment of fees and the use of fee remissions.
- **Enrollment projections.** Enrollment projections provide the basis for the funding request. A ceiling will be established by each university on fundable enrollments, and there will be no settle-up process. Targeted enrollments will be negotiated each year based on the established enrollment projection process. The existing definition of fundable students will apply.
- **Non-funded fundable enrollment.** Non-funded fundable enrollment may increase based on the capacity of the university and its specific enrollment management plan.
- **Appropriate mix of undergraduate, graduate, and professional enrollment.** The establishment of appropriate relationships among fundable undergraduate residents, graduate students and professional-level students will include a review of System assumptions that drive those funding relationships.

- **Unmet student demand.** There is a recognition that the parameters of both The Deal and the RAM will likely leave a portion of OUS student demand unserved as a result of limits to program and financial capacity.
- **Emergency Board assistance.** OUS will maintain the right to seek Emergency Board approval for a General Fund supplement when enrollment growth exceeds the agreed upon level.
- **Research component of The Deal.** The OUS commitment to double the amount of funded research by 2010 is accompanied by a commitment from the state to invest in research incentives based on OUS performance in securing external research dollars. A methodology is being developed that would index state funding to sponsored project growth.

### **3. Incorporation of Oregon Student Association Concerns**

Several recommendations from the Oregon Student Association (OSA) regarding the "Return on Investment" component of The Deal have been added to the list of returns OUS commits to provide. Specifically, the additional commitments include:

- An increase in the number of faculty and students of color on OUS campuses.
- An increase in the recruitment and retention efforts of faculty and students of color on OUS campuses.

In addition, ongoing collaborations and conversations between OUS and Oregon's community colleges (the most recent example being the December 3, 2002 Changing Directions Roundtable funded by the Lumina Foundation) are directly responsive to the OSA recommendation to add to the OUS commitment:

- An increase in the number of community college transfer students.

### **4. Modification in the Flexibility Initiative Related to Limitations on Bonding**

The original proposal concerning limitations on bonding requested delegation of authority from the Legislature to OUS to establish protocols when state funds are not the source of debt service, and requested a change in the current dollar-for-dollar match requirement for General Obligation Bonds. On the advice of Legislative Counsel, the proposal is

being redrafted to require only a one-to-three match formula: one dollar of campus match revenue to three dollars of Article XI-G Bonds.

Second, while the original proposal was to shift authority for issuance of Article XI-F (1) Bonds from the Legislature to the Board, Legislative Counsel determined that the "Credit of the State" backs these bonds now, and the Legislature is prohibited from delegating that authority to an agency. Agency issuance of revenue bonds could be permitted, but without the state backing, debt service would undoubtedly be much higher, offering no advantage to OUS campuses. As a result, no change in Article XI-F (1) Bond authority is included in the draft.

Staff Recommendation to the Board

Staff recommends Board acceptance of the Report of the Strategic Planning Work Group as presented at the October 18, 2002, Board meeting with the additions and corrections as noted in the Supplemental Report.

BOARD ACTION:

OREGON  
COUNCIL FOR  
KNOWLEDGE &  
ECONOMIC  
DEVELOPMENT  
RECOMMENDA-  
TIONS

Background

The Oregon Council for Knowledge and Economic Development (OCKED) was established by the 2001 legislature under Senate Bill 273. The mission of the Council is to promote knowledge-based economic development in the State of Oregon.

At the October meeting of the Oregon State Board of Higher Education, the Board received the background and draft recommendations of the Council. These recommendations were subsequently presented as part of the Oregon Business Plan Summit on December 9, 2002.

Included in these recommendations are proposed changes to the Oregon Revised Statutes to direct the missions and functions of the State Board of Higher Education, the Oregon University System, the Oregon Health and Science University, and the Oregon Economic and Community Development Department to promote the creation, dissemination, and commercialization of ideas to benefit the economy. The proposed changes are presented for Board consideration. If the Board approves the changes, in concept, then it would go to the appropriate Committee for further study and revision, and finally,

presented for Board approval. The proposed changes then would go to the appropriate Legislative Council for review and development, and finally to the Legislature.

NOTE: strike through denotes deletion of word or text; underline denotes new language.

**351.001 Legislative findings.** The Legislative Assembly finds that:

(1) For its political well-being, Oregon needs wise and effective leadership and an informed citizenry.

(2) For its economic well-being, Oregon needs able and imaginative men and women for the direction and operation of all its institutions, for the production of goods and services and for the management of its fiscal affairs. Oregon also needs alert and informed consumers.

(3) For its cultural advancement, Oregon needs creative talent as well as appreciative and discriminating readers, viewers and listeners. Oregon also needs people who understand the diverse patterns of behavior, communication and belief that make up the common cultures of the various communities in which we all must function.

(4) For its survival, Oregon needs citizens who understand the interdependence of human beings and our shared dependence on the resources provided by our natural environment.

(5) Oregon needs people who, in the roles of parents and teachers and in other capacities, are able to transmit the state's and the nation's ideals and heritage to future generations.

(6) For their personal well-being, individual Oregonians need to cultivate an advanced literacy essential to leading productive and rewarding lives. This includes the capacity to think logically and critically; to internalize and exemplify humane values; to write, speak and figure clearly and accurately; to understand, in some depth, a variety of psychological, historical, cultural, aesthetic and scientific concepts and theories; and to master a range of occupational, professional, avocational, social and personal skills. [1993 c.240 §1]

**351.003 Additional findings.** In addition to making the findings under ORS 351.001, the Legislative Assembly finds that:

(1) Oregonians need access to post-secondary education opportunities throughout life in a variety of forms.

(2) To meet the societal and individual needs described under ORS 351.001, Oregonians have created and sustained, from territorial days to the present, many and diverse institutions of higher education, both independent and state-assisted.

(3) These institutions have developed the intellectual capacity of Oregonians and have prepared thousands of them for productive and fulfilling careers.

(4) These institutions provide educational access to all segments of Oregon's diverse population, including many students for whom higher education creates the first opportunity for their entry into the mainstream of society.

(5) These institutions provide basic and applied research ~~both basic and applied, that~~ and actively promote the commercialization of research into ~~generates new knowledge and applies it to the development of~~ new products and processes essential for Oregon's economic growth.

(6) These institutions provide public service activities that engage the professional expertise of their faculties to solve social problems.

(7) These institutions share with our communities many cultural activities and services of immense importance to the quality of life enjoyed by Oregonians.

(8) These institutions are expanding the times, places and formats of course offerings.

(9) Oregonians' diverse educational needs will be best met in an environment in which public and independent schools are recognized as critical for meeting those needs. [1993 c.240 §2; 2001 c.964 §1]

**351.005 Higher education an important public purpose.** Giving due consideration to the historical and continuing interest of the people of the State of Oregon in encouraging deserving and qualified citizens to realize their aspirations for higher education, the Legislative Assembly declares that higher education for residents of Oregon who desire it and are

qualified to benefit from it is critical to the welfare and security of this state and this nation and consequently is an important public purpose. [1993 c.240 §3]

**351.007 Intent to promote and enhance higher education.** The Legislative Assembly declares its intent to promote and enhance higher education in a manner that:

(1) Enables citizens of all ages, backgrounds and levels of income to participate in the search for knowledge and individual development.

(2) Stresses undergraduate teaching as a high priority.

(3) Provides for selected graduate and professional programs that address state, national and global needs.

(4) Encourages high quality research, scholarship, ~~both basic and the application of research to enhance the state's economic opportunities applied, by its faculty and students.~~

(5) Fosters diversity of educational opportunity.

(6) Promotes service to the public.

(7) Makes effective and efficient use of human, physical and financial resources.

(8) Encourages cooperation with other educational institutions. [1993 c.240 §4]

**351.009 Mission of higher education.** The Legislative Assembly declares that the mission of all higher education in Oregon is to:

(1) Enable students to extend prior educational experiences in order to reach their full potential as participating and contributing citizens by helping them develop scientific, professional and technological expertise, together with heightened intellectual, cultural and humane sensitivities and a sense of purpose.

(2) Create, collect, evaluate, store and pass on the body of knowledge necessary to educate future generations.

(3) Provide appropriate instructional, research and public service programs to enrich the cultural life of Oregon ~~and to maintain a healthy state economy.~~ [1993 c.240 §5]

(4) Recognize and support the concept that universities give rise to the next generation of ideas and serve as an engine for economic development.

**351.070 Board general powers as to higher education and institutions; personnel system; public improvement contracts; fees; student records.**

**Sec. 1. Board duties regarding measurements, admission standards, degree models, access to services, educational opportunities and credit transfer.** The State Board of Higher Education shall:

(1) Continue development of accountability and performance measures with indicators in broad goal areas, including but not limited to:

(a) Enhancing existing quality;

(b) Expanding access;

(c) Maintaining reasonable cost-effectiveness; and

(d) Ensuring employability.

(2) Continue development of a proficiency-based admission standards system that aligns with school reform requirements for kindergarten through grade 12 under ORS chapter 329 in order to improve student performance and better articulate expectations of student learning among the educational sectors.

(3) Continue experimentation with and implementation of various accelerated baccalaureate degree models at state institutions of higher education in applicable programs. The models may include but need not be limited to early entry and post-secondary options and models that are jointly developed with the State Board of Education.

(4) Continue development of strategies to provide the broadest possible access to educational services for both on-campus and off-campus learners by using technology as well as traditional options.

(5) Continue to work with businesses, industries and agencies to offer increased opportunities for students to participate in internships, practica and service learning experiences. The board shall continue to explore faculty internship opportunities with businesses, industries and agencies.

(6) Continue to work with the State Board of Education to develop policies and procedures that ensure maximum transfer of academic credits between community colleges and state institutions of higher education. [1997 c.653 §1]

(7) Foster both basic research and applied research. Work closely with businesses and economic development entities to expand the commercialization of ideas into companies and jobs for the State of Oregon.

Staff Recommendation to the Board

Staff recommends that the Board consider the proposed changes to the Oregon Revised Statute 351.003, 351.007, 351.009, and 351.070 (Section 2) and refer them to the System Strategic Planning Committee for further discussion and action.

BOARD ACTION:

CONFIRMATION  
OF  
APPOINTMENT  
OF DR.  
TIMOTHY  
WHITE AS  
INTERIM  
PRESIDENT,  
OSU

Background

A special Board meeting was convened via video and phone conferencing for the purpose of selecting an Interim President of Oregon State University. Following an executive session, Chancellor Jarvis recommended that Dr. Timothy White be named Interim President of OSU. This appointment is to become effective on January 6, 2003. The vote of the Board on this recommendation was unanimous.

Because the meeting was held by video and phone conferencing, Legal Counsel has suggested that a confirming vote be taken at the Board meeting.

Staff Recommendation to the Board

Staff recommends that the Board confirm the vote of Dr. Timothy White as Interim President of OSU, to be effective January 6, 2003.

BOARD ACTION:

ADOPTION OF  
BOARD WORK  
PLAN

Background

At the November 15, 2002 Executive Committee meeting, President Lussier presented a draft Board Work Plan for consideration. The plan was developed from a document prepared originally for the July 2002 Renewal and the Report of the Strategic Planning Work Group of the System Strategic Planning Committee.

After a review of the Plan, the Executive Committee agreed that it should be presented to the full Board at the December 20, 2002 meeting for ratification. The purpose of the document is to provide a base for development of a more comprehensive plan that would include:

- Clarification of the issue or topic and full definition of the scope of work;
- Designation of the Board Committee responsible for developing and considering of the item or topic;
- Designation of the staff assigned to the task;
- Dates by which interim and final work will be completed; and
- Measures for judging the decisions and/or actions that are recommended.

This process will give the Board a blueprint for work between January 1, 2003 and the next Board Renewal in July of 2003.

Staff Recommendation to the Board

Staff recommends that the Board approve the Work Plan as a blueprint for developing strategies to move the agenda of the Board forward.

BOARD ACTION

CONNECTING  
THE DEAL AND  
THE RAM:  
ASSUMPTIONS

Summary

The strategic planning process includes consideration of a number of elements i.e., vision, goals, flexibility initiatives, budget and enrollment management strategies, and tuition and financial aid objectives, that should be reviewed in conjunction with the Resource Allocation Model (RAM). The Deal specifically outlines initiatives and objectives that intersect with budget decision-making and the RAM.

The following assumptions are raised to identify the points of intersection and ensure that any actions taken on The Deal and/or the RAM are assessed relative to potential impacts.

**CONNECTING THE DEAL AND THE RAM  
ASSUMPTIONS**

- The Deal is an approach to acquire funds-intended to primarily complement the RAM.
  - Funding issues for regional universities create a need to re-examine the model to determine if revisions are necessary-review in progress.
- Value of funding (cells) will be set at 80 percent of the peer average in 2003-2005 and increasing to 90 percent by 2007-2009.
  - OUS needs to clarify the impact of excessive PERS increases and growing PEBB increases on cell value, determine the level of diminishment due to benefit increases, and assess what is happening at peer universities.
- Targeted programs reflect Board priorities for which program outcomes (accountability) can be more readily addressed in serving broader public goals.
  - Funding of cells should not be diminished to the benefit of targeted programs.
  - Specific targeted programs, such as the small school allocations, should be more closely aligned with cells, given their similar instructional support activities.

**STUDENT COSTS**

- Undergraduate residents will not pay more (in tuition and education fees) than the per student share of state funds. OUS supports the resource fee as the single education fee.
  - This is contingent on the level of state funding, request linked to the 80 percent of the peer median.

- Calculations supporting the 50 percent / 50 percent student and state undergraduate resident share will be made on a Systemwide basis and NOT at the institutional level.
- Tuition increases will grow annually by no more than an appropriate higher education inflationary index.
  - OUS will review peer state and tuition per student funding for comparative purposes.
  - Concern is raised that when entering into the 2003-2005 biennium, a transition increase should be considered to support needs that extend beyond a simple inflationary index.
- Tuition limitations apply to undergraduate resident students only.
- Affordability during times of extreme fiscal stress on students will be protected to the greatest extent possible, including but not limited to, designating a portion of new tuition revenue including tuition remissions for assisting the most financially needy students.
- Guidelines should be developed on the establishment of fees and use of fee remissions.
  - There is a desire to maintain the present approach in accounting for continuing education programs.

#### **ENROLLMENT MANAGEMENT**

- Enrollment projections will provide a basis for the funding request, including a ceiling by each university on fundable enrollments and no settle up process.
  - OUS should consider the reduction and reallocation of general fund when a university does not meet its enrollment targets. The university would realize a reduction in the following year.
  - Question: Are there exceptions that should be considered?
- Non-funded fundable enrollments may increase based on the capacity of the university and its specific enrollment management plan.
- Enrollments will be negotiated each year based on the existing process of System and university projections.
- OUS should establish appropriate relationships between fundable undergraduate residents, graduates and professionals.

- OUS should review System assumptions that drive funding relationships between graduate, undergraduate, and professional student categories.
- Unmet student demand, (i.e., a portion of the population that will not be served due to program and financial capacity) is a possibility.
- OUS should maintain the right to seek Emergency Board approval for a general fund supplement when enrollment growth exceeds the agreed upon level.
- Existing definition of fundable students will apply.

### RESEARCH

- Funding for research will double by 2010. What is an appropriate methodology to project state support for research and creativity?
  - Index state funding to sponsored project growth - to be determined.
  - Justify support based on economic drivers/benefits to state and local communities.

(No Board Action Required)

### REPORT OF GRIEVANCES FILED UNDER OAR 580-021- 0050(12)

#### Summary

The Board's grievance procedure for the unclassified employees with faculty rank, Oregon Administrative Rule 580-021-0050(12), 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 2001-2002 academic year:

EOU: No grievances were filed.

OIT: Two grievances were filed:

A faculty member claimed that a timely notice for termination was not received. The institution agreed to give the correct timely notice, and appended the contract to meet the Administrative Timely Notice Policy.

A faculty member felt that the appointment and rank were inappropriate for years of service. The grievance committee investigated the claim and found no justification in the grievance.

OSU: Three grievances were filed:

A faculty member grieved regarding the inclusion of a particular letter in his promotion and tenure file. The grievance was resolved at the first level. Subsequently the faculty member filed six grievances regarding the promotion and tenure process and the decision in his case. The process grievances were denied as premature. The procedural issues raised in those grievances were addressed in the appeal of the promotion and tenure decision. An appeal is pending before the Faculty Grievance Committee.

A faculty member was issued a letter of timely notice and alleged wrongful demotion, discrimination on the basis of national origin and gender, and false accusations in connection with a performance review. The administrator at the first step in the grievance process denied the grievance. The Faculty Grievance Committee recommended that the grievant be denied and the President concurred.

A faculty member claimed disparities in starting salaries between male and female assistant professors, problems pursuant to a verbal hiring agreement, and problems with termination of the faculty member's position. The grievance was settled at the first step.

PSU: One grievance was filed:

A faculty member alleged unfair and inequitable treatment in a tenure decision. The grievance was resolved at the President's level.

SOU: No grievances were filed.

UO: No grievances were filed.

WOU: No grievances were filed.

(No Board Action Required)

FEDERAL  
AFFAIRS  
REPORTSummary

On November 25th and 26th, Chancellor Jarvis conducted the first of several planned Capitol Hill visitations. Taking crucial advantage of the lull in activity in Washington, Chancellor Jarvis held productive meetings with the staff of five of the seven members of Oregon's congressional delegation. In addition to discussing the many challenges facing Oregon's public university system, he outlined briefly a proposal to create a new partnership with Oregon that addresses the issues of access and affordability, institutional flexibility, enrollment management, and funding through a combination of state investment, student investment, and institutional efficiencies. Chancellor Jarvis stressed that the continued political and legislative accomplishments of our congressional delegation have never been more vital.

The Chancellor's visit served as an important reminder that the unfinished business on Capitol Hill translates into opportunities lost throughout our campus communities. Before adjourning in November, the 107<sup>th</sup> Congress passed a Continuing Resolution (CR) that funds the federal government at fiscal year (FY) 2002 levels through January 11, 2003. Appropriators in both the House and the Senate sought to complete work on the outstanding 11 appropriations bills before adjourning; however both the House and Senate moved to cut the lame-duck session short, and left Washington. The President continues to increase pressure on Congress to adhere to the Administration's FY 2003 domestic spending levels and to complete work on the remaining 11 FY 2003 appropriations bills by the time of the State of the Union address on January 28, 2003.

Negotiations have been on-going between the White House and Congressional leadership. The sticking point is whether Congress can muster the support to add an additional \$10 billion in domestic discretionary spending over the President's objection. The net effect for OUS is the delay and deferment of essential federal funding for 13 campus projects listed in the OUS Federal Appropriations Priorities Notebook (see System Strategic Planning Committee Docket, February 15, 2002). Appropriators and staff will be working on the FY 2003 spending bills throughout December, so that when the 108<sup>th</sup> Congress convenes it can act quickly to pass the remaining 11 appropriations bills. Since no final decisions about line item budgets or the process have been made, it is essential that campus personnel continue to lobby members that have shown past support for their projects.

While the budget battle has created a great deal of political and legislative uncertainty, OUS can rely on the fact that Oregon voters

returned all six incumbents who stood for re-election in 2002. It's notable that Senator Wyden and Senator Smith continue to combine their legislative strength in support of OUS campuses. Congressman David Wu will hold an important seat on the House Committee on Education and the Workforce, Subcommittee on 21st Century Competitiveness, that will oversee major portions of the planned reauthorization of the Higher Education Act.

In February 2003, OUS Federal Affairs will deliver to the Oregon State Board of Higher Education a report on the final appropriations status for FY 2003 (pending Congressional action); a detailing of campus projects moving ahead in FY 2004; a primer for the reauthorization of the Higher Education Act (HEA); and, an account of a scheduled January briefing with key staff members of Oregon's Congressional Delegation.

(No Board Action Required)