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On March 28, 1972, the Board considered a request from the University of Oregon for authorization to operate the Law School on a semester basis, effective with the fall term of 1972. The remainder of the University would continue to operate on the regular four-term calendar followed by Oregon University System institutions and community colleges. In authorizing the request, the Board stated:

The University will not be permitted to move unilaterally toward adoption of the semester calendar for the institution as a whole. Any such movement must be part of a statewide adoption of the semester calendar, including the institutions of the System and the community colleges.

On October 24, 1980, the Board rescinded this policy with respect to maintenance of a common academic calendar and stated that it would consider approval of academic calendars for individual institutions, provided that the institution requesting a new calendar demonstrated that the proposed calendar:

- Provides as many days of instruction as the System's traditional three-term academic year calendar;
- Is in the educational best interests of the institution's students;
- Is cost effective;
- Would not create insurmountable transfer problems.

This policy was reaffirmed September 13, 1982. At the April 22, 1983, Board meeting, the University of Oregon presented a request under the policy to move to the semester system calendar. This request was defeated on a tie vote.

On January 16, 1987, the Board again considered and adopted the staff recommendation to convert to an early semester system, with a modification that the effective date of the conversion would be fall term 1990.

The Board again considered the conversion to the semester calendar at its meeting on December 9, 1988, and adopted the recommendation of the Committee of the Whole to retain
the quarter system and rescind the previous decision of January 1987 mandating conversion to the semester system.
ACADEMIC DEGREE PROGRAM PLANNING AND IMPLEMENTATION PROGRAM
DEVELOPMENT REVIEW

(Adopted by Oregon State Board of Higher Education, Meeting #643, July 21, 1995, pp. 312-315.)

Purpose

The intention of the Program Development Review process is to create regular opportunities for the Board, the Board’s staff, and the leadership of the campuses to discuss collectively program development planning on the respective campuses. Program plans will be considered within the context of the mission and strategic directions of the System and the individual campuses. Further, the process would enable the Board of Higher Education to exercise its policy role by balancing System and campus considerations, mindful of the efficient use of resources.

Criteria

Primary criteria for proposing new academic programs and directing discussion during the Board’s review include:

1. The needs of Oregon and the state’s capacity to respond effectively to social, economic, and environmental challenges and opportunities;
2. Student demand that may not be met satisfactorily by existing programs;
3. Number and types of students to be served and their social and economic characteristics;
4. The intended effects (and potential unintended effects) of the proposed program on existing programs;
5. The resources necessary for the program are already available as parts of existing programs or have been identified within existing budgets and will be reallocated;
6. The congruity of the proposed program with the campus mission and its strategic direction; and
7. The program, where appropriate and feasible, represents a collaboration between two or more institutions that maximizes student access, academic productivity, and quality.
Suggested Process

A. Campuses will advise the Vice Chancellor for Academic Affairs, in advance of the September Academic Council meeting, of their interests to seek Board agreement-in-concept to plan a new degree program. Campuses would provide a brief (two-page) narrative description of the proposed program: what the program is intended to do, how the proposed program furthers the strategic directions of the institution, the resources needed to support the program within existing budgets, and an analysis of outcomes for graduates including employment prospects.

1. The Academic Council will discuss, semi-annually, the proposed programs at the September and January meetings.

B. The Board will discuss semi-annually the planning proposals with the presidents/chief academic officers and Board's staff during a work session twice a year at the October and February Board meetings. The Board's discussion would include an informal staff report of the Academic Council's discussion. The Board will provide direction to campuses for those proposals that should be developed as full proposals, including a timeline for implementation.

1. Campuses will commit to a timeline for implementation of the proposed program (e.g., typically a two-year limitation).

C. The Vice Chancellor for Academic Affairs will analyze and review fully developed plans for proposed programs that the Board has authorized for planning. After the review has been completed satisfactorily, the program will be recommended for implementation to the Board. Campus plans will follow the protocol currently in use.

1. The Academic Council will discuss the plans for new degree programs as part of the review process.

D. When a new degree program is ready for implementation (i.e., analyzed, reviewed, and ready for staff recommendation to the Board), the Board will review the recommendation for authorization to implement the new degree program.

1. The Board will not consider any request for authorization to begin a new degree program that was not previously approved for planning, except under extraordinary circumstances of clearly demonstrated urgency.

E. New degree programs will be evaluated within five years of implementation, unless the need for an earlier evaluation is suggested by changes in circumstance.

---

1 At the present time, under Board policy, new degree programs include baccalaureate, professional, and graduate degrees of all types, certificates, and educator endorsements.
1. Under current Board policy, a follow-up analysis of a new academic program is conducted not longer than five years after implementation.

2. To the extent possible, similar programs on other OUS campuses will be evaluated at the same time.

F. The start date for the proposed Program Development Review process is January 1996. The first discussions of the planning proposals using this process will be conducted in January 1996 by the Academic Council and in February 1996 by the Board, presidents/chief academic officers, and Board’s staff. Because a small number of new academic programs are well along in the current planning process, programs ready before the start date for the new process will be presented to the Board as they become ready.

Note to Board

The Academic Council raised a question: Does the Board wish to continue to provide full review and approval of proposals for certificates, teacher licensure programs, and other sub-degree programs?

To streamline Board meeting agendas, the Academic Council believes sub-degree programs can be reviewed by the Council, with the Vice Chancellor for Academic Affairs recommending and reporting outcomes to the Board via the consent agenda.
ACADEMIC EMPLOYMENT: APPOINTMENT, PROMOTION, TENURE, AND SALARY PROCEDURES

(Adopted by the Oregon State Board of Higher Education, Meeting #534, February 21, 1986, p. 100.)

The Board directed System institutions to adopt written procedures for appointment, promotion, tenure, and salary decisions. The procedures were to include, at a minimum, the following specific requirements:

1. Vacancy announcements for academic positions shall include the tenure status of the position being offered.

2. The successful applicant shall be informed of factors to be considered in determining the hiring salary above the minimum.

3. The factors actually used in fixing the salary of an employee shall be recorded and placed in the faculty member's file.

4. Each institution shall determine and publish the salary increase to accompany promotions in rank.

5. Each institution shall identify separately, and record in the faculty member's personnel record, administrative or other special stipends that are to occur only for the time during which the special circumstances occur.

6. Each institution shall advise faculty of factors to be considered in awarding merit increases.

7. Each component of a faculty member's salary adjustment shall be recorded and placed in the faculty member's file.

8. Each institution shall adopt procedures to review salaries for equity at least every two years.
ACADEMIC PROCEDURE AND CREDIT

(Approved by the Oregon State Board of Higher Education as part of the catalog copy for the System institutions, Meeting #28, September 6, 1932, p. 203.)

The academic year throughout the System of Higher Education is divided into three terms of approximately 12 weeks each. Summer session on the various campuses supplement the work of the regular year (see special announcements). Students may enter at any term but are advised to enter in the fall. It is especially important that first-year or freshman students be present for the opening of Freshman Week. The opening and closing dates for the terms of the current year are given in the academic calendar on another page.

Definitions

A COURSE is one of the instructional subdivisions of a subject offered through a single term.

A YEAR-SEQUENCE consists of three closely articulated courses in a subject extending through the three terms of the academic year.

A CURRICULUM is an organized program of study arranged to provide definite cultural or professional preparation.

A TERM HOUR represents three hours of the student's time each week for one term. This time may be assigned to work in classroom, laboratory, or outside preparation. The number of lecture, recitation, laboratory, studio, or other periods per week for the respective courses is indicated in the course descriptions or the regular printed schedules.
ACCREDITATION REPORTS


As each institution is scheduled for its periodic general accreditation by the Northwest Association of Schools and Colleges, it is necessary to prepare a comprehensive self-evaluation report. Although the report is principally and appropriately focused on instruction, research, curricular matters, and academic staff, there are significant sections regarding institution mission, governance, and finance. These sections necessarily relate to the Board and the Chancellor's Office. In order to avoid discrepancies or ambiguities in the text of these sections, the Board asks that institutions submit a copy of the draft of the self-evaluation document to the Chancellor's Office for review and comment.
Admissions Policy, Second Language College

(Adopted by Oregon State Board of Higher Education, Meeting #616, February 26, 1993, pp. 98-103. More detailed requirements were initially approved by the Board on July 22, 1994, pp. 317-329.)

1. OUS institutions will require second language proficiency for students seeking admission to its colleges and universities for the academic year 1997-98. All students who are entering directly from high school will be required to meet the proficiency requirement. This policy will pertain to all campuses except Oregon Health Sciences University.

2. Students who graduated from high school prior to 1997-98 and students who have been out of high school for a period of eight or more years at the time of admission may apply for an exemption of the second language requirement. In such cases, students will be required to meet an OUS graduation requirement, which will be a requirement of satisfactory attainment of the proficiency standard (corresponding to completion of one year of college foreign language).

3. All students entering from community colleges or other colleges and universities will be required to meet the proficiency requirement of a second language.

4. Students seeking admission from non-English speaking countries will be required to meet an English proficiency requirement using TOEFL scores and other appropriate measures.

5. Proficiency standards will be set for each language taught in an Oregon high school using the ACTFL (American Council of Teachers of Foreign Language) Guidelines. American Sign Language will also be acceptable as a language, with standards to be set in consultation with appropriate national associations. Proficiency standards will be set to account for variation in difficulty of these foreign languages.

6. Student proficiency may be established by ACTFL testing that is completed by an ACTFL-certified K-12, community college faculty member, or the higher education foreign language department. An ODE/OUS-developed test may be acceptable in future years.

7. In general, two Carnegie Units (two years of the same high school foreign language) may be used to meet the proficiency level for an interim period, until the second language requirements are fully established and implemented within the CIM and CAM under development by the Oregon Department of Education (ODE) in response to House Bill 3565.

8. OUS institutions will accept certification of proficiency at the required level established by the CIM at any stage in a student's development, even if such proficiency is
established in the elementary or middle school grades. However, since a student's understanding of the foreign culture is likely to be different and greater in later years of high school, it is recommended that proficiency at the level of the CAM be established.

9. Students may be admitted to OUS institutions under a special exception basis if their high school is unable to offer a two-year sequence of any foreign language. In such cases, students entering an OUS institution will be required to meet a graduation requirement of satisfactory attainment of the proficiency standard (corresponding to completion of one year of college foreign language).

10. Introductory college foreign language, beginning in academic year 1997-98, will be considered remedial instruction for high school and transfer students who meet the OUS admissions requirement using Carnegie Units but who cannot place in an OUS second year foreign language course. Students will be required to enroll in first-year foreign language via continuing education enrollment (self-support course), paying additional fees for this course. First-year language courses in a language other than the one studied in high school (or used to meet the admissions requirement) will not be considered remedial.
AIR TRAVEL AND USE OF MILEAGE Bonuses


Historical Perspective

On October 19, 1990, the Board of Higher Education adopted the staff recommendation to identify frequent flyer bonuses as part of the employment package for unclassified employees, available to employees to use as they choose. The Board’s decision to adopt that policy was based on a number of factors, including the cost/benefit ratio associated with OUS’ attempts to recover travel awards.

The 1993 State Legislature, by House Bill 2496, declared that employees and state officials may not use travel awards earned while conducting state business for personal travel, as of November 1993. This overrides the Board’s earlier policy.

Therefore, in September 1993, the Board amended the policy to read:

The Board of Higher Education requires all employees on Oregon University System business to travel using routes, schedules, and airlines that provide the lowest rates and the most efficient travel. However, because the cost in recordkeeping outweighs the nominal monetary benefit to the System, the System will not attempt to recapture airline bonuses awarded employees for frequent flyer miles. Because it is the policy of the State of Oregon to prohibit employees from using travel awards earned on state business for subsequent personal travel and that violation of this policy is a violation of the state ethics statute ORS 244.040 (effective November 4, 1993), employees may decline to accrue frequent flyer awards while on state business unless otherwise required as a prerequisite to receipt of federal or other grant funds. In cases where an employee elects to accumulate travel awards on state business to be subsequently used for state business, the employee should create a separate travel awards account solely used for state business travel, since OUS support staff may not be assigned recordkeeping responsibilities.

Current Policy

Travel Paid by Outside Source

Outside entities may reimburse the campus, pay a service provider directly, or reimburse an employee for travel expenses related to OUS business. If the service provider is paid directly, or if reimbursement is made to an employee, documentation
Air Travel and Use of Travel Bonuses

should be maintained in the campus travel records. Documentation should include the traveler's name, identity of the outside source, travel destination, travel dates, and OUS business purpose. If reimbursement is made to the campus, it should be accounted for as a reduction of expense. When a travel reimbursement payment is made by the foundation, it must be reported by the foundation to the president annually as required by OAR 580-46-035(6)(d).

Travel Awards and Frequent Flyer Mileage

All employees are required to travel using routes, schedules, and airlines that provide the lowest rates and most efficient travel. Because the cost of recordkeeping outweighs any monetary benefit, OUS will not recapture airline bonuses awarded employees for frequent flyer miles. Employees may use frequent flyer bonuses as they choose unless the terms of a grant or contract require otherwise.
BOARD STATEMENT (1933)

(Made inescapable and inviolable policy of the Oregon State Board of Higher Education, Meeting #40, October 16, 1933, pp. 72-73.)

First. The people of Oregon have dowered the Board with plenary powers in the field of higher education and the Board must honorably and courageously execute this sacred and important trust.

Second. In the exercise of that trust, the Board has selected a Chancellor who is amenable at all times to the Board, but who is the Board's chosen and trusted chief administrative officer. The Board has the right to ask, and will demand, full and unequivocal loyalty from those who, in turn, serve under the Chancellor's direction. This does not involve the loss of cherished academic freedom; it does not limit or abolish open and fair discussion, but it means the elimination of subversive tactics.

The educational institutions should have their faculty councils. Moreover and better still, there should be interinstitutional councils, in which the Chancellor's presence and participation should promote understanding and mutual confidence. The scope and content of their proceedings should be constructive and helpful and should leave no room for the type of devious undermining and sapping that endangers the successful operation of the sane and wholesome System created by the will of the people of this state.

Intelligent and fair-minded men will recognize that this does not involve subserviency to the personality or identity of any specific Chancellor who may hold official tenure, but it does mean that the Board regards the subtle negation of his efforts, and attempts to weaken, minimize, and impair his efficiency, as inevitably tending to defeat achievement of the purposes of the Board that is responsible for him, and to which he is responsible. Unreasoning and irreconcilable feudists should, accordingly, be relegated to theatres of combat beyond the walls of the institutions whose permanency and growth is a matter of such vital concern to the Commonwealth.
BUDGETED OPERATIONS FUND BALANCES

(Adopted by the Oregon State Board of Higher Education, Meeting #734, June 4, 2004, pp. 244-245; Amended by the Board, Meeting #738, September 10, 2004.)

Background:

Responsible fiscal management requires adequate reserves, or fund balances, to mitigate current and future risks. Adequate fund balances are essential to offsetting cyclical variations in revenues and expenditures and to protect against 1) catastrophic events, 2) unforeseen revenue declines and expenditure gaps, 3) unexpected legal obligations, and 4) failures and health/safety/code issues in infrastructure or major business systems.

The focus of this policy is fund balances within the budgeted operations funds, which are the primary operating funds through which all basic instruction and institution administration occur. Budgeted operations funds include state General Funds and Other Funds Limited, made up principally of student tuition and fees and also including educational department sales and services, indirect cost recovery, and other operating revenues.

For the purpose of gauging their relative value, budgeted operations fund balances can be expressed either as a percentage of annual budgeted operating revenues or as operating expenditures sufficient to fund a specified period. The Government Finance Officers Association, for example, recommends that fund balances be maintained at a level that represents 5 to 15 percent of operating revenues, or is sufficient to fund no less than one to two months of operating expenditures.

Obviously, the level of budgeted operations fund balance should be related to the likelihood of need. Given the timing of tuition assessments, revenue cycles at OUS institutions tend to spike quarterly while expenditures remain relatively flat. When combined with the volatility of state funding over the past several biennia—as well as fluctuations in enrollment and tuition dollars—the need to maintain fund balances sufficient to stabilize the operating revenue stream for short periods is clearly imperative. The institutions, for example, are particularly vulnerable to shortfalls in revenue collections during the first quarter of each biennium.

Responsible fiscal policy, then, suggests that the institutions should maintain ending biennial budgeted operations fund balances sufficient to stabilize the operating revenue stream and cover unforeseen contingencies equal to approximately one month’s operating expenditures, or about 10 percent of their annual budgeted operations revenues.

At the same time, because of the funding mix of state General Funds and student tuition and fees, any excess balances could be interpreted to represent unwarranted tuition and fee rates. Consequently, ending biennial budgeted operations fund balances should not exceed
approximately two months of budgeted operations expenditures, or about 15 percent of annual budgeted operations revenues.

**Fund Balance Defined:**

Fund balance is defined as the difference between the assets and liabilities of a fund. Given this definition, fund balance can be described as the available resources of the fund, which can be significantly different than cash balances due to accrual accounting. For instance, at June 30 of each fiscal year, campuses have received payments for summer session tuition and fees. Since summer session activity occurs predominantly in July, these receipts are recorded as a liability (deferred revenue) at June 30 to comport with accounting rules. As a result, cash balances may be higher than fund balances.

As noted above, fund balance is the difference between the assets and liabilities of a fund. Generally Accepted Accounting Principles (GAAP), promulgated by independent standards-setting groups, set forth rules for the proper recording and valuation of assets and liabilities. Each OUS institution is required to follow GAAP. Therefore, fund balance is defined consistently across all OUS institutions.

**Budgeted Operations Fund Balances at June 30, 2004:**

<table>
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<tr>
<th>OREGON UNIVERSITY SYSTEM</th>
<th>SUMMARY OF OPERATING RESULTS</th>
<th>EDUCATION AND GENERAL FUNDS (Including SWPS)</th>
<th>For the Year Ended June 30, 2004</th>
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<tbody>
<tr>
<td></td>
<td>(in thousands of dollars)</td>
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<tr>
<td>2003-04 Beginning Fund Balance</td>
<td>EOU</td>
<td>OIT</td>
<td>OSU</td>
</tr>
<tr>
<td>2003-04 Revenues</td>
<td>24,566</td>
<td>24,972</td>
<td>280,781</td>
</tr>
<tr>
<td>Expenditures and Transfers</td>
<td>(24,514)</td>
<td>(24,739)</td>
<td>(270,983)</td>
</tr>
<tr>
<td>2003-04 Ending Fund Balance</td>
<td>3,552</td>
<td>2,713</td>
<td>38,523</td>
</tr>
<tr>
<td>Est. Comp. Absences Liability Adj.</td>
<td>- (574)</td>
<td>(654)</td>
<td>- (693)</td>
</tr>
<tr>
<td>Adjusted 2003-04 Ending Fund Balance</td>
<td>2,976</td>
<td>2,059</td>
<td>36,523</td>
</tr>
<tr>
<td>Adjusted EFB as a Percent of Revenues</td>
<td>12%</td>
<td>8%</td>
<td>14%</td>
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</table>

1. Chancellor's Office ending balance includes operating balances of $7.9 million, CCECS balance of $41 million, and Capital Support balance of $0.2 million.

2. Needed to complete transition to recording compensated absences liability based on employee’s official station by the end of the biennium.

NOTE: Our annual financial audit is currently underway and may result in adjustments to the amounts presented above.
Institution Fund Balance Commitments Defined:

Higher education institutions operate in a fiscal environment and on a business cycle that does not tightly correlate with the biennial budget process. As a result, institution management may make certain internal budgetary commitments against their fund balances. Among other reasons, these internal budgetary commitments are necessary in order to help maintain continuity of programs and provide funds for entrepreneurial activities and/or to provide incentives for certain desired outcomes. Examples of these budgetary commitments include, but are not limited to, commitments to maintain balances for certain departments, commitments to fund certain future actions, or contractual commitments to provide funding for program startup. Generally Accepted Accounting Principles do not call for such commitments to be recorded in the accounting records and, therefore, they do not impact fund balance.

In the event of an emergency these internal budgetary commitments could be funded from future resources (revenue increases or expenditure decreases), modified, or eliminated in order to meet the short-term need. Therefore, internal fund balance commitments support a balance within the policy range, but do not reduce the fund balance.

The Chancellor’s Office requested each institution to provide detail of their internal budgetary commitments against their Education and General funds. Staff summarized the institution information in the schedule provided below.

Institution Commitments Against Fund Balance:

OREGON UNIVERSITY SYSTEM
Schedule of Institutional Commitments Against Fund Balances
Education and General Funds (including SWPS)
June 30, 2004

(amounts in thousands of dollars)

<table>
<thead>
<tr>
<th>Commitment</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
<th>CO</th>
<th>Totals</th>
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<tbody>
<tr>
<td>Distance Education Expansion</td>
<td></td>
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<tr>
<td>Faculty, Adjunct</td>
<td></td>
<td>$ 1,719</td>
<td>$ 885</td>
<td></td>
<td></td>
<td>$ 92</td>
<td>$ 2,696</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Course Development/Program Support</td>
<td>$ 2,291</td>
<td></td>
<td></td>
<td></td>
<td>$ 402</td>
<td>$ 9,142</td>
<td>$ 12,074</td>
<td></td>
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</tr>
<tr>
<td>Student Services Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 489</td>
<td></td>
<td>$ 102</td>
<td></td>
<td>$ 612</td>
</tr>
<tr>
<td>Renovation and Remodeling of Classrooms/Offices</td>
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<td>One-Time and Recurring CO Expenses</td>
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<td>$ 17,897</td>
<td>$ 9,541</td>
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<td>Total</td>
<td>$ 2,978</td>
<td>$ 2,029</td>
<td>$ 38,523</td>
<td>$ 23,152</td>
<td>$ 2,264</td>
<td>$ 17,897</td>
<td>$ 9,541</td>
<td>$ 12,196</td>
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</tbody>
</table>
Budgeted Operations Fund Balances Policy Proposal:

OUS institutions shall develop budgets that target an ending biennial budgeted operations fund balance of approximately 10 percent of annual budgeted operations revenues. For purposes of this policy, budgeted operations funds are defined as all funds included in Fund Type 11 (Education and General) in the Oregon University System accounting records. Budget operations fund balances will be monitored as part of the quarterly projections included in the Managerial Reports provided to the Board; and institution presidents shall advise the Board in the event projected or actual ending balances for the biennium either fall below 5 percent or rise above 15 percent of revenues. Included in the information provided by the presidents will be an explanation for the variance and a plan to rebalance the budgeted operations fund balances over time to approximately 10 percent of annual budgeted operations revenues.
BUSINESS PRACTICES

(Adopted by the Oregon State Board of Higher Education, Meeting #694, February 16, 2001)

Consistent with OUS' commitment to the free flow of commerce and efficient business practices, OUS institutions shall not adopt limits on eligibility to enter business agreements or otherwise conduct business unless based on the ability to perform, evidence of illegal activities or other criteria required or allowed by statute or Board rule.
1. That the careful, considered institutional use of the center and institute mechanism be recognized by the Board as a legitimate, potentially valuable approach to the furtherance of institutional mission, through the fostering of interdisciplinary activities in pursuit of basic and applied research and instruction, the attracting of non-state funding in support of institutional mission and goals, the motivation of faculty, the strengthening of academic departments, and the optimized utilization of institutionally-unique resources.

2. That the Board establish the principle that the justification for establishment of centers and institutes must be in terms of their potential for contributing to the achievement of the institutional mission.

The fact that federal or other non-state funds can be secured to fund, totally or in principal measure, a given center or institute cannot be considered justification for the establishment of that center or institute. The real test of justification must be in terms of the extent to which the objectives of the proposed center or institute can be shown to be wholly consistent with and fully supportive of the institution's mission and advance its strategic priorities and goals. Failing the test, the center or institute ought not to be established.

3. That institutions have the authority to establish centers and institutes that do not grant degrees, consistent with their role and mission. The exception would be if an institution wanted to name the center or institute after a living person. In those cases, OAR 580-050-0025 requires Board approval.

4. That institutional review of proposals to establish centers and institutes be carried on in a manner that is consistent with the considerations cited in item 2 above while enhancing the entrepreneurial talents of the department or other sponsors of the center or institute.

5. That institutions be asked to establish policies to assure that, at regular intervals each center and institute will be given a careful review by an appropriate institutional agency, the examination to include a review of the purposes for which the center or institute was established, the objectives of the center or institute, any changes in objectives that have occurred since the previous review, the validity of the center's or institute's present objectives and purposes, and the adequacy of its performance.

That based on the review, the institutional provost (or their designee) make decisions regarding improvement, changes in emphasis, alternatives as to direction, changes in
Leadership, phasing out of the institute or center, or some portions of it, or merging with some other unit within the institution.

6. That when centers or institutes are inactive, they be reviewed under institutional policies to consider whether they ought to be retained or discontinued.
CLASS SIZE

(Adopted by the Oregon State Board of Higher Education, Meeting #304, April 25, 1962, pp. 172-173.)

Unless a compelling educational reason exists, no lower division section enrolling fewer than ten students will be continued. The responsibility for determining whether a compelling educational reason exists for a particular class will be exercised by the institutional executives through their instructional deans. At the upper division level, regular class sections enrolling fewer than ten students will be discouraged. It is recognized, nonetheless, that upper division electives and required sequences in specialized curricula may make it necessary to offer classes below the standard of ten students at the upper division level in more numerous instances than at the lower division level. Seminars, thesis, and reading and conference offerings are not to be construed as regular classes for purposes of this standard.

Because of the individualized nature of graduate study, no specific standard related to class size is proposed at the post-baccalaureate level.
College Courses Taught for Credit in High Schools, Guidelines for

(Adopted by the Oregon State Board of Higher Education, Meeting #527, June 21, 1985, pp. 234-236.)

The following guidelines were adopted as the official policy for the conduct of college-level courses taught for credit in high schools:

I. Registration and Fees
   A. Students who wish to take a "college course for credit" in high school should be required to:
      1. Register for the course before the class is taken;
      2. Register on college registration materials;
      3. Pay a reasonable fee for acquiring the college credit, with reasonable fee to be determined by and paid to the participating college;
      4. Be registered by a college representative or an appointed coordinator of college credit coursework at the high school.

II. Course Offerings
   A. College-level courses taught for credit in high school should be offered as an enriched, academically accelerated program that is offered in addition to traditional high school-level courses and courses required for graduation.
   B. Such college-level course offerings should be added either to a high school's curriculum or, if selected from courses currently in the high school's curriculum, be altered to meet college-level content requirements.
   C. College-level courses in high school should use an equivalent textbook commonly used at the college giving the credit.

III. Student Eligibility
   A. College-level credit courses in high school should be open only to academically well-qualified seniors.
B. Exceptions to the "senior only rule" should be made on an individual, case-by-case basis, and mutually agreed to by both the college and high school; such exceptions should be contingent on a specific academic assessment of a student's readiness for the course, with final decision made by a college representative.

IV. Student Evaluation and College Credit Policy

A. Primary and final evaluation of a student's performance should be the responsibility of the high school teacher.

B. It also is recommended highly that occasionally during the conduct of a course, a college representative from the academic department examine a student's work so that the student may benefit from the assessment of a college-level faculty person.

C. All work taken for college credit will be recorded on the sponsoring college's transcript in accordance with the institution's grading policy.

V. Teacher Selection and Teacher/Course Evaluation

A. The cooperating college department should approve high school teachers in the appropriate discipline. Qualifications: For most disciplines, this will mean a master's degree plus two letters of recommendation less than five years old. In all cases, the high school teacher should have qualifications necessary to being hired on a part-time basis in the particular discipline at the college.

B. Evaluation of the teacher and the course should be conducted annually by a college representative for the purpose of maintaining and assuring the college-level quality of the instructional process, course content, and done in accordance with the faculty evaluation procedures at the institution granting the college credit.

C. Results and use of the college's evaluation of both the teacher and college-level quality of the course being taught as it bears upon the college's participation in the program should be at the discretion of the college.
CONFLICT OF INTEREST, POLICY STATEMENT REGARDING

(Adopted by the Oregon State Board of Higher Education, Meeting #437, April 29, 1977, pp. 355-356; Amended at Meeting #690, June 16, 2000, p. 56 [See also minutes from the Board Committee on System Strategic Planning, June 16, 2000])

SECTION A: As to members of Oregon State Board of Higher Education:

It is recognized that members of the Board of Higher Education are appointed to serve interests and needs of higher education in the state of Oregon. The fulfillment of this charge requires strict adherence to the highest standards of ethical behavior.

The Board recognizes that the standards that govern this conduct are fully set forth in ORS Chapter 244 et seq. It is therefore the policy of the Board of Higher Education that all members, upon confirmation of appointment, and periodically thereafter, be made aware of the requirements of this law, or, subsequent versions thereof. It is the Board’s intent that this policy, or others adopted in furtherance of its purposes, be viewed and utilized as elaboration and guidance and that the statutory requirements set forth in Oregon law are binding authority to which members must adhere.

Board members are encouraged to examine prospective issues at the earliest opportunity for the potential of a conflict of interest and are reminded that compliance with the statutory requirements often require sensitivity to avoiding the appearance of impropriety. Members are to consult with the chair of the Board and/or counsel to the Board for guidance where appropriate. Formal opinion should be requested from the Government Standards and Practices Commission. All Board members shall file annually with the Government Standards and Practices Commission a verified statement of economic interests as directed by that Commission.

The Board further recognizes that persons appointed to this body bring long and valued histories of service to other segments of the state. These services often include advocacy on behalf of member institutions, particular regions of the state or groups served by the Board to include faculty, students, and alumni. All Board members are hereby charged with embracing the statewide and Systemwide duties of Board membership. Each member is reminded that by accepting membership on the Board they agree to serve the general good and welfare of the whole of higher education in the State of Oregon.

SECTION B: As to employees of the Department of Higher Education, including employees of the respective institutions:

The Chancellor, the vice chancellors, the presidents, and the vice presidents of this Department shall file annually with the Government Standards and Practices Commission a verified
Conflict of Interest. Policy Statement Regarding

statement of economic interests. No employee shall accept any outside employment that will discredit or embarrass the employee’s institution, the Department of Higher Education, or the State of Oregon. Before accepting any outside employment, all employees shall comply with OAR 580-21-0025.

Any employee of the Department in a position to influence or make recommendations concerning the award of any contract who is an officer, agent, or member of or directly or indirectly interested in the pecuniary profits or contracts or any corporation, association, or partnership which is doing business or seeking to do business with the Department of Higher Education, shall be considered to have a potential conflict of interest.

Upon adoption of this policy, the text of this policy statement, and of Article XV, Section 7, of the Oregon Constitution, or pertinent portions of ORS chapter 244, and of OAR 580-21-0025 shall be widely disseminated and made available to each current and new employee.
CURRICULAR POLICIES AND PROCEDURES

(Compiled by Office of Academic Affairs, Oregon University System, September 5, 1985.)

BOARD'S GENERAL POWERS AND RESPONSIBILITIES WITH RESPECT TO CURRICULUM AND INSTRUCTION

Statutory Provisions

The Board's powers and responsibilities with respect to the instructional programs of its institutions are set forth in the Oregon Revised Statutes, Chapter 351, as follows:

351.070 — Board's General Powers as to Higher Education and Institutions

(1) The State Board of Higher Education may, for each institution under its control:

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

(g) Prescribe the qualifications for admission into such institutions.

(2) The State Board of Higher Education may for each institution, division, and department under its control:

(a) Supervise the general course of instruction therein, and the research, extension, educational, and other activities thereof.

351.200 — Board Power Over Higher Education Curricula and Departments

(1) The Board of Higher Education shall visit the University of Oregon and Oregon State University for the purpose of inquiring as to the work offered and conducted at such institutions, whenever and as often as it may deem necessary. The Board shall specifically determine, from time to time as occasion may require, what courses or departments, if any, shall not, in their judgment, be duplicated in the several higher educational institutions. The Board may direct the elimination of duplicate work from any institution, and determine and define the courses of study and departments to be offered and conducted by each institution.
(2) The Board shall keep a record of such determination in a book provided by the Secretary of State for that purpose.

The Board shall notify the Governor of such determination and each institution affected shall conform thereto.

(3) If any changes are made in the curricula of any institution, the change shall become effective at the beginning of the school year following the determination.

(4) Any person may appear before the Board of Higher Education at any meeting for the purpose of laying before the Board any data or arguments for the maintaining or elimination of any duplicated course or department.

351.203 – Cooperation with Oregon Educational Coordinating Commission: Compliance with Certain Commission Decisions.

(1) The State Board of Higher Education shall cooperate with the Oregon Educational Coordinating Commission in the development of a state comprehensive education plan including post-secondary education and in review of the Board’s programs and budget as provided in ORS 348.705 to 348.825.

(2) The Board shall comply with the decisions of the commission regarding proposed new postsecondary programs and proposed new postsecondary locations determined by the commission to have a significantly adverse impact on one or more segments of education other than public institutions under the jurisdiction of the Board.

Internal Management Directives

Internal Management Directives adopted by the Board with respect to System curricula provide:

2.001 – Board Oversight of Higher Education Curricula and Requirements

(1) The Board shall exercise general oversight of curricula and instruction in the Department, including but not limited to curricular allocations, and the establishment of schools, colleges, departments, divisions, centers, institutes, and similar agencies. The Board shall maintain a statement of policies underlying the curricular allocations within the Department. The Board shall act on institutional requests for modifications of existing curricular allocations, including addition, significant modification,
renaming, and deletion of curricular programs, schools, colleges, centers, institutes, and similar agencies in accordance with Board policies.

(2) The Board's office shall not act on institutional requests for authorization to add, drop, or alter courses in Board-authorized curricular programs. The Board's office shall submit a report to the Board each year regarding courses added, deleted, or significantly altered with comments on institutions, programs, employees, and students affected by these changes.

(3) The Board's office shall keep the Board informed of state educational needs and shall encourage vigorous institutional planning to meet these needs.

(4) The Board's office shall act in other capacities in curriculum and instruction as the Board may determine.

(5) The Board's primary consideration, in meeting curricular responsibilities, shall be to assure that educational opportunities are adequately available to qualified persons without unnecessary duplication of educational resources.

2.010 - Functions of Department Institutions

Department institutions shall serve the important functions of:

(a) Instruction

(b) Research

(c) Public Service

Of these, instruction shall hold the highest priority. Research and public service, as important companion functions to instruction, may vary from institution to institution in their relative importance from among the three institutional functions. Research shall be recognized as an integral and necessary part of instruction, particularly in graduate and advanced graduate education, and as vital to the continuing economic and social health of Oregon.
EVOLUTION OF THE CURRICULAR ALLOCATIONS CONCEPT IN OREGON

The concept of curricular allocations in Oregon is clearly articulated by ORS 351.200(1) quoted on pp. 1-2; but it did not originate with this legislation.

For more than 70 years, the responsibility for allocating curricula among Oregon's public four-year colleges and universities has resided in a coordinating body established by the legislature, the State Board of Higher Curricula from 1909 to 1929, and the State Board of Higher Education thereafter.

State Board of Higher Curricula (1909-1929)

The Oregon State Board of Higher Curricula was established by the 1909 legislative assembly and empowered:

"to determine what courses of study or departments, if any, shall not be duplicated in the higher educational institutions of Oregon, and to determine and define the courses of study and departments to be offered and conducted by each such institution..."

Jurisdiction of the Board extended over the University of Oregon and Oregon State College (now Oregon State University), but only with respect to curricular matters. Thus, although the two institutions retained their separate governing Boards, in matters of curricula, decisions of the Board of Higher Curricula were paramount.

Oregon's normal schools, incidentally, were not under the Board of Higher Curricula.

Significant strides were taken under the State Board of Higher Curricula to curtail duplication of offerings at the University of Oregon and Oregon State College and to differentiate the functions of the two institutions.

Among the Board's most significant rulings were those made between 1913 and 1919 allocating all engineering to Oregon State College and denying the College courses in architecture (1913),

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2 Policy statements reviewed and accepted by the Board on May 20, 1975, were contained in the report, Curricular Allocations in the Oregon System State System of Higher Education - Sixty-Six Years of Planned Development, Office of Academic Affairs, April 28, 1975. Narrative portions of this report have been updated for use of the Board's Committee on Instruction in 1976, 1979, 1984, and 1985, as reported herein.
awarding undergraduate commerce to Oregon State College and work in "higher commerce" to the University of Oregon (1914), and denying the University courses in stenography, typewriting, and stenotype (1919).

State Board of Higher Education (1929 to Present)

In 1919, the legislative assembly abolished the governing boards of the University of Oregon, Oregon State College, and normal schools. It also terminated the Board of Higher Curricula and created a single Department of Higher Education governed by a lay board of nine members (since increased to 11 members) serving nine-year terms (since reduced to four-year terms).

A first act of the new Board was to authorize a study of higher education in Oregon, conducted under the auspices of the United States Office of Education. The report resulting from the study (issued in May 1931) made six fundamental recommendations with respect to differentiation and coordination of curricula of the institutions under the jurisdiction of the Board, as follows:

1. Lower Division. Unspecialized freshman and sophomore work...in all the arts and sciences assigned on identical basis to the University and the State College. Junior college privileges assigned to Southern and Eastern Oregon normal school.

2. Natural Sciences. A great school of science to be developed at the State College.

3. Humanities and Social Sciences. A great school of arts, literatures, and social sciences to be developed at the University.

4. Professional Schools. The professional schools based essentially upon the natural sciences confined to the State College.

5. Professional Schools. The professional schools resting essentially upon the arts, literatures, and social sciences including the concentration of business administration, confined to the University.

6. Teacher Training. Elementary teacher training exclusively reserved to the normal schools. Secondary and higher teacher training divided between the University and State College on basis of major curricula. Training of administrators emphasized at the University; junior high school teachers trained jointly at State College and Oregon Normal School at Monmouth.

In March 1932, the State Board of Higher Education, after soliciting and receiving from each of the institutions observations and recommendations concerning the report's recommendations, adopted curricular allocations for its institutions as shown in Figure 1, following this section.

The curricular allocations made in 1932 by the Board of Higher Education have been modified from time, in accordance with changing times and changing needs of the state. But
notwithstanding numerous changes in personnel since 1932, minutes of discussions of curricular allocations over the more than 50 intervening years reveal that the Board's aims have been remarkably consistent, namely:

1. To decrease or avoid costs that would result from unnecessary and undesirable duplication of major functions by the several institutions.

2. To improve the quality of specialized programs, particularly graduate and professional programs, by centering them in designated institutions as an allocation to the institution(s), rather than allowing their development in all institutions.

3. To improve the curricula of each institution by achieving the foregoing goals, while simultaneously preventing unnecessary and undesirable proliferation of courses, services, and programs within each institution.
### FUNDAMENTAL CURRICULAR ALLOCATION RECOMMENDED BY THE FEDERAL SURVEY COMMISSION IN 1931 AND ADOPTED BY THE STATE BOARD OF HIGHER EDUCATION IN 1932

<table>
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<tr>
<th>Curricular Area or Unit</th>
<th>Recommended by Federal Survey Commission 5/13/31 (Survey Report, pp. 276-277)</th>
<th>Adopted by State Board of Higher Education 3/7/32 (Curricula Committee Report)</th>
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</thead>
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<tr>
<td>Elementary Teacher Training</td>
<td>At Normal Schools &quot;1. The training of teachers for the elementary schools should be done at the three Normal schools.&quot;</td>
<td>Oregon Normal School Southern Oregon Normal School Eastern Oregon Normal School</td>
</tr>
<tr>
<td>Liberal Arts and Sciences</td>
<td>At Eugene and Corvallis &quot;2. Unspecialized freshman and sophomore work referred to as lower division work in all the arts and sciences should be available on essentially identical terms.&quot;</td>
<td>Lower Division &quot;Lower division work to be offered on both of the major campuses.&quot;</td>
</tr>
<tr>
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<td>At Corvallis &quot;3. A great School of Science should be developed at Corvallis, based on lower division courses that may be pursued at either the University or State College.&quot;</td>
<td>School of Science &quot;Upper division and graduate work in pure science...centralized in a School of Science to be located at Corvallis.&quot;</td>
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<tr>
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<td>At Eugene &quot;4. A great School of Arts, Literature and Social Sciences should be developed at Eugene, based on lower division courses that may be pursued at either the State College or the University.&quot;</td>
<td>College of Arts and Letters &quot;Upper division, graduate and professional work in this field (literature, language and arts), to be given only at Eugene.&quot;</td>
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<td>College of Social Science &quot;School of Social Science at the University...that upper division and graduate work be limited to the unit at the University.&quot;</td>
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"From Biennial Report, 1933-34, Oregon State Board of Higher Education, p. 16."
### Curricular Allocations, Board Policies with Respect to

<table>
<thead>
<tr>
<th>Curricular Area or Unit</th>
<th>Recommended by Federal Survey Commission 5/13/31 (Survey Report, pp. 276-277)</th>
<th>Adopted by State Board of Higher Education 3/7/32 (Curricula Committee Report)</th>
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<tr>
<td>Professional Schools</td>
<td>At Corvallis &quot;5. The professional schools based essentially on the natural sciences should be located at Corvallis... Teacher training in the sciences and their applications.&quot;</td>
<td>School of Agriculture &lt;br&gt; School of Engineering &lt;br&gt; School of Forestry &lt;br&gt; School of Home Economics &lt;br&gt; School of Pharmacy &lt;br&gt; Secretarial Training &lt;br&gt; School of Education</td>
</tr>
<tr>
<td>At Eugene</td>
<td>&quot;6. The professional schools resting essentially upon the arts, literatures and social sciences should be located at Eugene... Teacher training in the arts, literatures, and social sciences and their applications.&quot;</td>
<td>School of Business Admin. &lt;br&gt; School of Fine Arts &lt;br&gt; School of Journalism (April 30, 1932) &lt;br&gt; School of Law &lt;br&gt; School of Physical Education &lt;br&gt; School of Education</td>
</tr>
<tr>
<td>At Portland</td>
<td>&quot;The professional schools...include...medicine...&quot;</td>
<td>School of Medicine &quot;The continuance of the Medical School to be located at Portland.&quot;</td>
</tr>
</tbody>
</table>
Under the curricular allocations system, institutions may offer only those instructional programs and courses that have been approved for them by the State Board of Higher Education.

In the area of curriculum and instruction—as in other areas of its operation—the Board functions in accordance with well-thought-out policies. These policies guide the Board in acting and inform the institutions about the general principles the Board will observe as it deals with issues in the areas of curriculum and instruction. During the period 1973-1976, the Board and its Committee on Instruction, Research, and Public Service Programs reviewed policies in respect to curricular allocations, institutional guidelines, program duplication and elimination, and program review. Following are summaries of policy statements adopted during that review.

Board Posture Toward Curricular Allocations

1. The Board of Higher Education seeks to be sensitive to and aware of the educational needs of the state, needs that the Oregon University System ought, within its general mission, to serve.

2. The Board welcomes the efforts of its institutions to plan vigorously for meeting the changing needs for public higher education in Oregon, consistent with the missions of the institutions, and bearing always in mind that the Board must assess institutional requests for new programs in the light of whether the program can be demonstrated to be in the best interests of the state as a whole, and within the economic capacity of the state to support.

It is to be emphasized that curricular planning includes not alone identification of unmet educational needs and the development of coursework designed to serve them; it includes, as well, the responsibility to evaluate existing programs in some systematic, orderly way, and to reduce or to eliminate those whose continuance at current levels "cannot be justified by defensible criteria."

3. The Board's decisions on instructional requests for authorization of new instructional programs must rest upon a solid base of factual data relating to:

   a. The extent and nature of the state's need for the proposed new program (considering the existence of any similar programs already being offered in the System or by the community colleges or independent colleges and universities).

   b. The appropriateness of the proposed new program to the institution's mission and objectives.
Curricular Allocations, Policies and Procedures Governing

c. The capacity of the requesting institution to offer a program of substantial quality.

d. Costs to the state—both initial and long term—of financing a program of reasonable quality of the kind being requested.

The outline endorsed by the Board March 23, 1976, as the basis for developing requests for authorization of new degree and certificate programs, is included as an Appendix A, Guidelines for Review of New Programs.

Basic Premises Underlying Curricular Allocations

1. Based upon more than 45 years of corporate experience in the field, the State Board of Higher Education reaffirms its support of the principles of curricular allocations as being fundamental to effective curricular planning and development within the Oregon University System.

2. Board's reaffirmations of curricular allocations rest on the following premises:

   a. A system of coordinated development of collegiate curricula is vital to Oregon since it enables the conservation of limited resources and their allocation in accordance with a strategy that assures adequate availability of educational opportunities for qualified youths.

   b. Not all duplication of curricula is wasteful. Duplication of courses or of curricular programs is an evil only when it results in unnecessarily costly courses or instructional programs, or a reduction in the quality of the courses or programs either existing or to be offered.

      In many instances, student interest in and need for given courses, or for access to given instructional programs, is sufficiently great that these courses or programs can be offered at two or more institutions without unnecessarily high costs and without reduction in the quality of the offering.

   c. The concept of differential functions for institutions lies at the heart of the curricular allocations concept. Such differentiation promotes:

      (1) Specialization by the institutions, leading to the development of high-quality programs in curricular areas assigned any given institution. This is particularly critical in the professional and graduate areas, where anything less than a program of the first order puts Oregon students at a genuine disadvantage. Limitation of institutions to certain specified professional and graduate programs lessens the possibility that funds needed to maintain these programs at a high level of excellence will be
Curricular Allocations, Policies and Procedures Governing

drawn off for support of other programs the institution might otherwise seek to establish.

(2) Effective concentration of the state's limited resources in the development of at least one high quality program in a given professional or graduate area, in lieu of several anemic, deficient ones.

d. Within certain professional, semi-professional, or graduate areas, requiring costly equipment, highly specialized faculty, and/or unique building facilities, a single institution should be given exclusive responsibility for development of a program of excellence. Other System institutions wishing to offer the prerequisite or initial courses in the field should be authorized to do so only if the program they intend offering is keyed to that of the institution having exclusive jurisdiction in the subject area.

e. The assignment of exclusive jurisdiction to an institution cannot be considered irrevocable. Population shifts, changes in career choices, and other economic and social changes require that curricular allocations be adaptable to changing needs. There must be avenues for reassessing curricular allocations with a view to changing them where circumstances warrant.

Nonetheless, whatever curricular allocations are in effect at any given moment must be clearly understood by institutions as binding, and must be adhered to until and unless, on the evidence available, the Board changes the allocations.

f. In meeting its curricular responsibilities, the Board should have as its primary consideration the assurance of adequate availability of educational opportunities for qualified youth without unnecessary or unwise duplication of educational resources.

Graduate and Professional Education

Graduate programs and some professional programs (both undergraduate and graduate) tend to cost more than other programs. Without an allocations system in these areas, the resources of the state will be inadequate to the needs of providing a truly high-quality program at any single institution in the state.

However, the Board recognizes that in some graduate and in some professional areas, characterized by widespread student interest and moderate costs, it is feasible for the System to establish new (additional) programs to serve additional students (some of whom would find it difficult financially to enroll in the existing programs) in lieu of continued expansion of existing programs. In considering institutional requests for authorization of graduate and/or professional programs:
1. The Board will consider each request on its merits. Institutions making such requests will be expected to evaluate their proposals for the Board in such terms as the following:

a. The relationship of the proposed program to the objectives of the institution as these are apparent in the approved System and institutional guidelines.

b. The relationship of the proposed program to existing System programs in the same field. Is the new program intended to supplement, complement, or duplicate existing System program? In the light of the existing System programs in the same field, why is the proposed new program needed? Is it designed to serve primarily a regional need? A state need?

c. The growth prospects of the proposed program. How many students will it serve now? In the immediate future? In the distant future?

d. If it seems pertinent to the subject area in question, the employment opportunities for persons prepared in the proposed program.

e. The capacity of the institution to offer a high-quality program in the subject area being considered.

(1) What facilities has the institution appropriated to the needs of a high-quality program in the field (library, laboratory, or other facilities and equipment)?

(2) How many faculty members are qualified to participate in the program?

(3) Does the institution have such related undergraduate and graduate programs as may be essential to give needed support to the proposed new program?

(4) What elements of the program, if any, are presently in operation in the institution?

(5) In instances in which the institution has an undergraduate program in the subject area or field in question, has the undergraduate program been fully accredited by the appropriate accrediting agency?

f. The cost implications of the proposed program—both current and capital costs. What is estimated to be the total costs of instituting a high-quality program in the field in question—both immediate and long-range costs?

g. The relationship of the proposed new program to future aspirations of the institution. Is the proposed program the first of several curricular steps the
h. Projected student credit hour cost of instruction in the proposed program. Given the estimated costs of operating a program of excellence in the fields in question and the number of students who can be expected to enroll, will the student credit hour cost be a reasonable one? If not, can the student credit hour cost be justified on any rational basis?

2. The Board will seek to inform itself concerning at least three other relevant questions:
   a. What is likely to be the impact of the proposed program upon similar programs in the System? Professional programs tend to be expensive programs. If, by the addition of a second or third graduate and/or professional program in the same field in the System, there would appear to be a threat to the continued accreditation of an existing program, the Board will wish to give approval to the new program only if the advantages of such approval outweigh the disadvantages.
   b. Can the same program be offered more efficiently or to the benefit of more students in some other institution of the System?
   c. What other alternative means are there for meeting the needs that have been identified in the proposal?

General Policies Applying to Professional Programs. The following general policies will guide the Board in assessing institutional requests for authorization of professional programs. The Board will:

1. Approve a new professional program only if the Board feels assured of the availability, at the time or in the immediate future, of sufficient funds to develop the program to a respectable standing, to enable it to become accredited, and, once accredited, to maintain its accreditation. Cost estimates should be in terms of an ongoing, high-quality program—not a minimal, beginning program.

2. As a general principle, establish new professional programs, not before offered by the System, at the most appropriate institution, considering such factors as: institutional mission, the locus in the System of such supporting programs and other institutional or community resources as are required to give strength to the new program, the location in which the program would be accessible to the most students.

3. Act on the principle that as a general policy, with some provision for justifiable and planned exceptions for cause, if the System's first program in a professional field is situated at the University of Oregon or Oregon State University, the second authorized
program should be developed where it can serve the largest number of students at the least personal financial cost. The program at the resident institution would serve the entire state; the second program would serve primarily the needs of the students in the region in which the institution is located.

1. As a general principle, be reluctant to approve any professional program that, as it is conceived, cannot, within a reasonable period of time, be accredited. A professional education should offer a student the basis for advancement in the field and flexibility of employment.
CATEGORIES OF INSTRUCTION, IMPLEMENTATION OF BOARD POLICIES

Under the foregoing Board policies, four categories of instructional programs have been allocated to System institutions.

- **Liberal arts** programs leading to the baccalaureate, master's, and doctoral degrees.
- **Professional** programs leading to the associate, baccalaureate, master's, and doctoral degrees.
- **Pre-professional** and lower division transfer programs, a designation given to those instructional programs that are preparatory to upper division or professional school enrollment in institutions not having a degree program in those fields.
- **Technical education** programs leading to specialty certificates and associate (two-year) and baccalaureate (four-year) degrees.

Liberal Arts Programs in the Oregon University System

Liberal arts programs include programs in the humanities, social sciences, and sciences.

Undergraduate Liberal Arts Programs

The pattern of undergraduate liberal arts programs offered in the colleges and universities of the System are the result of three deliberate policy decisions of the Board:

1. **Basic commonality in liberal arts offerings undergirds education.** From its inception (1932), the Board of Higher Education has held the view that there should be available at all four-year institutions in the System a basic commonality in the liberal arts.

   In 1932 that commonality of liberal arts offerings was held to be a two-year, lower division program in the liberal arts (humanities, social sciences, and sciences) leading to a certificate of junior standing. Consistent with that policy, all institutions were authorized at least lower division offerings in the liberal arts.

   Only the University of Oregon and Oregon State College (now Oregon State University) were authorized more under the original (1932) allocations.
With the passage of years, the Board came to feel that the burgeoning complexity of civilization, as well as the exponential rate at which it is changing, made it imperative that the opportunity for a commonality of liberal arts offerings be increased from two to four years at all four-year System colleges and universities, as resources could be made available to support such programs.

- The regional schools (SOU, EOU) and OCE were authorized baccalaureate programs in the liberal arts in the form of divisional majors in humanities, social sciences, and science-mathematics for the first time in 1956.

- Four years later, in 1960, Oregon State University was authorized to increase its offerings in the humanities and social sciences from two-year lower division programs to four-year divisional major programs leading to a baccalaureate degree.

It should be noted that the commonality of liberal arts at the four-year level does not pertain to the specialized institutions, Oregon Institute of Technology and Oregon Health Sciences University. OIT is authorized to offer instruction in the liberal arts as needed to meet requirements of its technical degree programs and lower division transfer programs to the extent these are possible through use of courses approved in support of its technical offerings. OHSU offers coursework in the basic sciences. General education requirements for its students are completed in pre-professional programs or at Portland State University.

2. **Develop Portland State as a major institution.** Meanwhile, the Board had made the decision to develop in Portland a major institution. A first step was taken in 1955 when Portland State College was established as a baccalaureate degree-granting institution with divisional programs in the humanities, social sciences, and sciences.

3. **Extend departmental major programs in the liberal arts to the regional schools (SOU, EOU) and OCE, and to OSU.**

- In 1964 the Board decided to capitalize on the liberal arts base developed in SOU, OCE, and EOU as an indispensable support to their teacher education programs by making that base available to students interested in earning a baccalaureate degree program in one of the liberal arts areas. The Board stated that it would authorize the regional schools (SOU, EOU) and OCE baccalaureate departmental major programs in selected liberal arts subject matter fields in
which the institutions could demonstrate: (a) need for the program, and (b) resources adequate to offer a program of good quality.4

- This policy had two roots: (a) It recognized that the regional colleges and OCE (now WOU), with their traditionally heavy emphasis on teacher education, had built up substantial strengths in the liberal arts subject matter fields (teaching majors) that supported the teacher education programs, and (b) that, particularly at SOU and EOU, if those strengths were made the basis for offering departmental major programs leading to the BA/BS degree, the people of the southern and eastern regions of Oregon would be more adequately served by the Oregon University System, since students from those regions desiring such programs would be encouraged to enter and/or remain at SOU and EOU.

- In 1965, after thorough consideration of (a) the very substantial enrollments in the humanities and social sciences at OSU, and (b) the substantial quality and number of OSU faculty members in the humanities and social sciences, the Board established the policy under which, over a period of time, the Board would authorize OSU to offer baccalaureate departmental major programs in selected humanities and social science fields. The first such degree program (English) was authorized effective in 1966.

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4 Amplification of this policy in respect to regional schools was provided in a report of the Board’s Committee on Academic Affairs, Meeting of the Board #334, January 25-26, 1965, titled Discussion of the OSU, BOSC, and SOSC Requests for Authorization of Departmental Major Programs in the Liberal Arts, January 25-26, 1965, p. 115, as follows:

"Departmental major programs will be authorized regional schools only when it is possible for the institution to demonstrate that it has available or can make available, if authorized, the requested program, the staff, library, and other resources that will permit the offering of a departmental major of some substance.

"As to staff, it would be the view of the Board’s committee that, with some exceptions, there should be available in a department area two or three persons holding the doctoral degree before an institution should consider asking for departmental majors in the field. The System committee on transfer courses offered by the community colleges and the individuals who teach them has established for the community colleges a general requirement that instructors hold a master's degree in the field in which they are teaching at the lower division level. The higher instructor preparation standard for departmental degree programs suggested here is critical to the development of soundly based departmental programs in the regional institutions."
College Transfer Programs at Oregon Institute of Technology

Policy Statement Board of Education

(Approved by the Oregon State Board of Education, October 16, 1970; reported in Minutes of the State Board of Higher Education, Meeting #392, January 25, 1971, pp. 27-28.)

WHEREAS, The State Board of Higher Education had been presented a recommendation relating to the addition of the curricula at OTI (Formerly Oregon Technical Institute, now Oregon Institute of Technology) located in Klamath Falls; and WHEREAS the Oregon Board of Education has been requested by the State Board of Higher Education to discuss and make recommendations on the proposed additions to the curricula at OTI, THEREFORE BE IT RESOLVED that the Oregon Board of Education supports the concept that OTI offer a comprehensive open-door community college educational program for residents of Klamath and Lake Counties, including, but not limited to, lower division courses and associate degree program offerings; and RESOLVED further that the Oregon Board of Education expresses to the State Board of Higher Education its belief that the degree program at OTI should not be expanded at any time to the detriment of its community college programs.

Policy Statement Board of Higher Education

(Approved by Oregon State Board of Higher Education Meeting #392, January 25, 1971, pp. 27-32; and Meeting #397, July 26, 1971, pp. 470-472.)

Oregon Technical Institute (now Oregon Institute of Technology) is authorized to enroll students in college transfer programs to the extent that it can serve these students within its budgeted capabilities and physical facilities.

The transfer programs offered by OTI will be similar to the two-year transfer programs offered by the Oregon community colleges. Requirements for the associate degree also will parallel those of the community colleges' associate in arts degree.

Graduate Programs in Liberal Arts

The configuration of liberal arts programs at the graduate level are consistent with the policies in the several stages of the System's development.

1. In the initial allocations (1932), graduate programs in the humanities and social sciences were allocated solely to the University of Oregon; and in science, solely to Oregon State College (now Oregon State University).

2. Subsequently (1941), the Board restored to the University of Oregon authorization to offer baccalaureate and graduate programs in science, thus making available in the
state's liberal arts university graduate programs in subject matter fields in the humanities, social sciences, and sciences.

3. The University of Oregon Health Sciences Center (now Oregon Health & Science University), through its schools of medicine, dentistry, and nursing, is authorized to offer graduate master's and doctoral degrees in some of the basic sciences (anatomy, bacteriology, biochemistry, human genetics, medical psychology, pathology, physiology) that undergird the professional medical and dental degree programs offered there.

4. In 1964, the Board announced its intention to expand baccalaureate offerings at PSU and, as resources were available and need could be demonstrated, to authorize the development of master's degree programs in the liberal arts and selected professional fields of high demand (e.g., teacher education, business administration). The Board further stated that, as need and resources dictated and permitted, it would authorize the establishment of doctoral programs in selected fields.

During the next three biennia, 1965-1971, the Board moved with deliberate, systematic care to the expansion of PSU's graduate offerings. A schedule was developed for the systematic strengthening of library, faculty, and physical resources in areas in which programs were to be added and funds to carry out the plan were sought and received from the legislature.

By the close of the 1969-1971 biennium, Portland State University offered 18 MA/MS degrees, 24 MAT/MST degrees, two other master's degrees (MSW and MBA), and was beginning work on three doctoral programs.

Since 1971-72, graduate program development has been primarily in specialized professional areas:

- MFA in Art (1971-72)
- Master of Urban Studies (1974-75)
- MAT/MST in Earth Sciences (1975-76)
- Master of Public Administration (1976-77)
- Master of Urban Planning (1977-78)
- Tri-University Ed.D. in Community College Education (1978-79); discontinued (1985-86)
- Joint UO/PSU Ed.D. in Public School Administration and Supervision (1978-79); changed to Ed.D. in Educational Leadership (1985-86)
- Master of Taxation (1978-79)
- Graduate Certificate in Gerontology (1979-80)
- MA/MS in Engineering (Civil, Electrical, Mechanical) (1983-84)
- Ph.D. in Electrical and Computer Engineering (1985-86)
Professional Programs in the Oregon University System

In accordance with convictions concerning allocation of professional programs, apart from programs in teacher education and business administration, the overwhelming number of professional degree programs have been allocated by the Board to single institutions.

Pre-professional and Transfer Programs in the Oregon University System

One- and two-year transfer programs for all the fields in which System institutions offer baccalaureate degrees are available at any time from the four-year institutions of the System.

Technical Education in the Oregon University System

Technical education programs are offered by the Oregon University System at Oregon Institute of Technology, Oregon State University, Oregon Health & Science University, and the regional universities.

The present configuration of technical education in the System reflects: (1) legislative action transferring Oregon Technical Institute (now Oregon Institute of Technology) to the State Board of Higher Education, effective July 1960; and (2) policies of the State Board of Higher Education.

Board Policies Covering Development of Technical Education Programs

1. System institutions ought not to offer short-term vocational/trade courses or programs, except as a service on a self-supporting basis in areas not served by community colleges.

2. System institutions ought not to offer vocational/trade-type programs leading to an associate degree.

This policy has had much to do with the steps taken by the State Board of Higher Education to upgrade OIT’s instructional offerings, staff, and facilities.

3. Associate degree and certificate programs in technical fields are appropriate to a technical institute, to a professional school such as the Oregon Health Sciences University that has unique facilities for offering training to technologists in the same setting in which the professionals with whom they will later work are also being educated, and in special instances in regional colleges, where a special regional need requires or justifies such programs.

It is under this general policy that OIT continues to offer the range of two-year associate degree programs that it does, that certificate programs are offered by OHSU, and that associate degree programs are offered by SOU in nursing and business fields, and EOU in community service, secretarial science, and early childhood education.
4. The System should offer four-year baccalaureate degree programs in selected technologies as a service to technically oriented students and to business, industry, government, and other segments of society that look to educational institutions for the well-qualified technologists that today's requirements are increasingly calling for.

It is in response to the foregoing policy decision by the Board that baccalaureate programs in technology have been authorized: OSU in selected engineering technologies, and OIT in the engineering technologies; diesel power technology, industrial management, and allied health fields.
DEBT
(Adopted by the Board, Meeting #836, March 1, 2010.)

I. Overview

In support of their respective missions, Oregon University System (System) institutions each maintain a long-term strategic plan. These strategic plans establish university-wide priorities as well as university-wide and divisional programmatic objectives. Each System university develops a capital plan to support these priorities and objectives.

The System’s use of debt plays a critical role in ensuring adequate and cost-effective funding for the System institutions capital plans. By linking the objectives of its Debt Policy to its universities strategic objectives, the System ultimately increases the likelihood of achieving its mission.

II. Scope

The Debt Policy covers all forms of debt including long-term, short-term, fixed-rate, and variable-rate debt. It also covers other forms of financing including both on-balance sheet and other forms of financing that effectively operate as capital debt instruments even when not classified as such for financial statement purposes, such as certain operating leases and other structured products used with the intent of funding capital projects.

The use of derivatives is considered when managing the debt portfolio and structuring transactions. Conditions guiding the use of derivatives are addressed in a separate Interest Rate Risk Management Policy.

III. Objectives

The objectives of this policy are to:

a) Outline the System’s philosophy on debt
b) Establish a control framework for approving and managing debt
c) Define reporting guidelines
d) Establish debt management guidelines

The Debt Policy formalizes the link between the System universities Strategic Plans and the issuance of debt. Debt is a limited resource that must be managed strategically in order to best support System priorities.

The policy establishes a control framework to ensure that appropriate discipline is in place regarding capital rationing, reporting requirements, debt portfolio composition, debt servicing, and debt authorization. It establishes guidelines to ensure that existing and proposed debt
issues are consistent with financial resources to maintain an optimal amount of leverage, a
strong financial profile, and a strategically optimal credit rating.

Under this policy, debt is being managed to achieve the following goals:

a) Maintaining access to financial markets: capital, money, and bank markets.
b) Managing the System’s credit rating (if applicable) to meet its strategic objectives while
   maintaining the highest possible creditworthiness that provides the most favorable cost
   of capital and borrowing terms;
c) Optimizing the System’s debt mix (i.e. short-term and long-term, fixed-rate and floating-rate,
   traditional and synthetic) for the System’s debt portfolio;
d) Managing the structure and maturity profile of debt to meet liquidity objectives and to
   make funds available to support future capital projects and strategic initiatives;
e) Coordinating debt management decisions with asset management decisions to optimize
   overall funding and portfolio management strategies;
f) Coordinating debt management decisions to maximize overall access to resources,
   including consideration of strategic opportunity costs, potential lost revenue, and
   interest and inflation rate tradeoffs.

System universities may use debt to accomplish critical priorities by prudently using debt
financing to accelerate the initiation or completion of certain projects. As part of its review of
each project, the university and the System will evaluate all funding sources to determine the
optimal funding structure to achieve the most beneficial cost of capital.

IV. Oversight

The Vice Chancellor for Finance and Administration is responsible for implementing this policy
and for all debt financing activities of the System. This policy is approved by the Board. The
approved policy provides the framework under which debt management decisions are made.

The exposure limits listed in the policy are monitored on a regular basis by the Vice Chancellor
for Finance and Administration. The Vice Chancellor for Finance and Administration reports
regularly to the Chancellor, the Board, and the Internal Bank Oversight Committee on the
System’s debt position and plans.

PRINCIPLES/GUIDELINES/PROCEDURES

V. Debt Affordability and Capacity

Project Viability:
All projects using self-generated revenues to repay the debt will be carefully reviewed to
ensure that they are financially viable based on reasonable and prudent estimates of the
revenues and expenses associated with each project or combination of similar projects. When
determining whether a project meets the self-supporting requirements, the Board may take
into consideration the total available unobligated revenues of the university, or the System as a whole. This review process will include an analysis of the total cost of the project, including site preparation, environmental assessment/remediation, architectural and engineering costs, and construction, renovation or purchase costs. A financial pro-forma will be prepared by the university that estimates the revenues and expenses associated with the operations, maintenance and debt service of the project over the life of the bonds. Projected operating revenues will provide coverage of operating expenses, maintenance, and debt service. Sources and uses of funds should be identified as part of this analysis. The financial pro-forma will be reviewed by the Director of Treasury Operations prior to recommendation of projects to the Board.

**Institutional Concerns:**
Institutional financial viability will also be considered as part of the debt approval process. The institution must demonstrate that there is sufficient enrollment or research demand or other compelling needs or strategic opportunities to justify the investment in the project and to generate the resources for debt repayment. Three years of trend data will be considered as part of this analysis in order to demonstrate institutional financial viability over a series of years.

The following financial statement ratios will be considered in order to determine institutional financial viability as part of this analysis:
- Primary reserve ratio — unrestricted net assets / operating expenses
- Current ratio — current assets/ current liabilities
- Debt burden ratio — annual debt service (principal + interest) / total operating expenses, with a guideline maximum debt burden ratio of 7 percent, as established by the Board

In addition to presenting the actual ratios computed for the prior three fiscal years, the university will be responsible for calculating pro-forma ratios to incorporate additional debt allocated during the current fiscal year as well as for other future proposed projects and to analyze this information together to determine financial viability.

The ratios and limits are intended to help the System universities maintain a competitive financial profile, funding for facilities needs and reserves, and compliance with System debt service to budget guidelines.

The Debt Policy is shared with external credit analysts and other parties in order to provide them with background on the System's philosophy on debt and management's assessment of debt capacity and affordability.

**VI. Real Property Financed by Third Parties**

In computing financial ratios, universities need to identify and incorporate information related to real property financed by third parties when by written agreement the university is obligated
to provide payments toward the property financing or to take over the financial obligation at a specified future date. Examples include agreements with an affiliated foundation and long-term capital leases. In determining whether long-term leases should be included when computing financial ratios, the institution must distinguish between capital and operating leases. Capital leases are considered debt, and must therefore be included in the ratios. Operating leases are not considered debt, and are therefore excluded from the ratio calculations.

Third-party financings may not include annual appropriation pledges of the State's general fund, and long-term leases must comply with DAS administrative rules. In addition, third-party financings may not use the State's credit or view the State as the underlying guarantor.

**VII. Financing Sources**

There are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources are reviewed by management within the context of the Debt Policy and the overall portfolio to ensure that any financial product or structure is consistent with the university's and System's objectives. Regardless of what financing structure(s) is utilized, due-diligence review must be performed for each transaction, including (i) quantification of potential risks and benefits, and (ii) analysis of the impact on System creditworthiness and institution debt affordability and capacity.

**Tax-Exempt Debt**

Tax-exempt debt is a significant component of the System's capitalization due in part to its substantial cost benefits; therefore, tax-exempt debt is managed as a portfolio of obligations designed to meet long-term financial objectives rather than as a series of discrete financings tied to specific projects. The System manages the debt portfolio to maximize its utilization of tax-exempt debt relative to taxable debt whenever possible, keeping in mind potential issues related to the restrictions on the use of facilities financed with tax-exempt debt and the potential future uses of the facility(ies) being financed by the debt. In all circumstances, however, individual projects continue to be identified and tracked to ensure compliance with all tax and reimbursement regulations.

For tax-exempt debt, the System will consider maximizing the external maturity of any tax-exempt bond issue, subject to prevailing market conditions and opportunities and other considerations, including the useful life of financed facilities, future debt capacity of the System, applicable regulations, and the State Treasurer's statewide debt portfolio management goals and policies.

**Taxable Debt**

In instances where certain of the System's capital projects do not qualify for tax-exempt debt, the use of taxable debt may be considered. The taxable debt market offers certain advantages in terms of liquidity, marketing efficiency, and flexibility in the use of proceeds; such advantages will be considered when evaluating the costs and benefits of a taxable debt issuance.
Build America Bond Program
The American Recovery and Reinvestment Act (ARRA) of 2009 included provisions authorizing state governments to issue taxable bonds and receive an interest rate rebate in the amount of 35 percent of the interest paid from the Federal government (Build America Bond Program or BAB). This program opens up the taxable debt market to the System, which may prove to reduce borrowing costs. Bonds issued under this program must be treated in the same manner as tax-exempt debt with respect to the use of the bond proceeds (must be used for exempt purposes and follow the same private use rules as tax-exempt bond proceeds) and with respect to arbitrage rules. Accordingly, the System will manage debt issued under the BAB program as a part of the tax-exempt debt portfolio.

Commercial Paper
Commercial paper provides interim financing for projects in anticipation of philanthropy, planned issuance of long-term debt or from other sources of funds. The use of commercial paper also provides greater flexibility on the timing and structuring of individual bond transactions. This flexibility may also make commercial paper appropriate for financing equipment and as a tool to help manage the System's short-term liquidity position. The amount of commercial paper is limited by the Debt Policy ratios, the System's variable-rate debt allocation limit, and the System's available liquidity support.

System-issued vs. Other State-issued Debt
In determining the most cost effective means of issuing debt, the System evaluates the merits of issuing debt "directly" (e.g., under Articles XI-G or XI-F(1) of the Oregon Constitution) vs. "issuing" debt through a State-issuing entity (e.g., The Oregon Lottery, Certificates of Participation, or the State Energy Loan Program.)

When "issuing" debt through a State-issuing entity, the Legislature may appropriate funds to the System to repay the debt, or may appropriate funds to the State-issuing entity to repay the debt. Debt issued through a State-issuing entity will not be managed as a part of the debt portfolio, but will be managed discretely. Debt issued through a State-issuing entity is normally only available if authorized by the Legislature and is not available as an option unless so authorized.

System issued debt under Article XI-G of the Oregon Constitution is repaid by Legislative appropriation to OUS and is not managed as a part of the debt portfolio, but will be managed discretely.

In the case of debt that will be repaid by System-generated revenues, the System performs a cost benefit analysis between this financing option and others available and takes into consideration the comparative funding costs and the flexibility in market timing of each alternative. The System also takes into consideration the future administrative flexibility and financial options of each issue, such as the ability to call and/or refund issues at a later date, as
well as the administrative flexibility to structure and manage the debt in a manner that the System believes to be appropriate.

**Derivative Products**

Derivative products may enable more opportunistic and flexible management of the debt portfolio. Derivative products, including interest rate swaps and locks, may be employed primarily to manage or hedge the System’s interest rate exposure. The System, in consultation with the State Treasurer and in compliance with the State’s Interest Rate Swap Policy, utilizes a framework to evaluate potential derivative instruments by considering (i) its current variable-rate debt allocation, (ii) existing market and interest rate conditions, (iii) the impact on future financing flexibility, and (iv) the compensation for assuming risks or the costs for eliminating certain risks and exposure. Risks include, but are not limited to, tax risk, interest rate risk, liquidity risk, counterparty credit risk, basis risk, and any other potential risks either imposed or removed through the execution of any transaction.

The System analyzes and quantifies the cost/benefit of any derivative instrument relative to achieving desirable long-term capital structure objectives. Under no circumstances will a derivative transaction be utilized that is not understood fully by management or that imposes inappropriate risk on the System. In addition, management discloses the impact of any derivative product on the System’s financial statements per GASB (Governmental Accounting Standards Board) requirements and includes their effects in calculating the Debt Policy ratios.

**Other Financing Sources**

Given limited debt capacity and substantial capital needs, opportunities for alternative and non-traditional transaction structures may be considered, including off-balance sheet financings. The System recognizes these types of transactions often can be more expensive than traditional debt structures; therefore, the benefits of any potential transaction must outweigh any potential costs.

All structures can be considered only when the economic benefit and the likely impact on the System’s debt capacity and credit have been determined. Specifically, for any third-party or developer-based financing, management ensures the full credit impact of the structure is evaluated and quantified.

**VIII. Compliance with IRS Regulations**

When tax-exempt governmental-purpose bonds are issued, the System must comply with all applicable IRS regulations including, but not limited to, regulations relating to the use of bond proceeds, the use of bond-financed facilities, and arbitrage in order to maintain the bonds’ tax-exempt status.
IX. Portfolio Management of Debt

For purposes of this section, the System’s debt portfolio is defined as debt issued under Article XI-F(1) of the Oregon Constitution (XI-F debt). The System considers its debt portfolio holistically, that is, it optimizes the portfolio of debt for the entire System rather than on a project-by-project basis while taking into account the System’s cash and investment portfolio. Therefore, management makes decisions regarding project prioritization, debt portfolio optimization, and financing structures within the context of the overall needs and circumstances of the universities of the System.

Variable-Rate Debt

Exposure to variable interest rates within the System’s debt portfolio may be desirable in order to:

a) take advantage of repayment/restructuring flexibility;
b) benefit from historically lower average interest costs;
c) reduce financial interest rate risk by providing a “match” between debt service requirements and the projected cash flows from the System’s assets; and
d) diversify its pool of potential investors and gain additional access to the capital markets.

Management monitors overall interest rate exposure, analyzes and quantifies potential risks, including interest rate, liquidity and rollover risks, and coordinates appropriate fixed/variable allocation strategies. The portfolio allocation to variable-rate debt may be managed or adjusted through (i) the issuance or redemption of debt in the conventional debt market (e.g., new issues and refundings) and (ii) the use of interest rate derivative products including swaps.

The amount of variable-rate debt outstanding (adjusted for any derivatives) shall not exceed 20 percent of the System’s outstanding XI-F debt. This limit is based on the System’s desire to: (i) limit annual variances in its interest payments, (ii) provide sufficient structuring flexibility to management, (iii) keep the System’s variable-rate allocation within acceptable external parameters, and (iv) utilize variable-rate debt (including derivatives) to optimize debt portfolio allocation and minimize costs.

VARIABLE-RATE DEBT (INCLUDING SYNTHETIC) <=20% TOTAL XI-F DEBT OUTSTANDING

Refinancing Outstanding Debt

The System monitors its debt portfolio on a continual basis to assure portfolio management objectives are being met and to identify opportunities to lower its cost of funding, primarily through refinancing outstanding debt.

The System monitors the prices and yields of its outstanding debt and attempts to identify potential refunding candidates by examining refunding rates and calculating the net present
value of any refunding savings after taking into account all transaction costs. The System may choose to pursue refundings for economic and/or legal reasons. The System currently adheres to the State of Oregon’s refunding thresholds. Net Present Value (NPV) savings of 3 percent or otherwise as permitted by the State Treasurer.

Liquidity Requirements
The System’s portfolio of variable-rate debt and commercial paper require liquidity support in the event of variable rate demand bonds being put back to the System or the Commercial Paper maturing without new investors. Generally, the System can purchase liquidity support externally from a bank in the form of a standby bond purchase agreement or line of credit. In addition, the System can also use its own capital or the capital available to the State Treasurer (if approved) in lieu of or to supplement external facilities. Alternatively, it can utilize variable-rate structures that do not require liquidity support (e.g., resetting variable rate term loans).

Just as the System manages its debt on a portfolio basis, it also manages its liquidity needs by considering its entire asset and debt portfolio, rather than managing liquidity solely on an issue-specific basis. This approach permits Systemwide evaluation of desired liquidity exposure, provides administrative flexibility, and reduces total liquidity costs.

A balanced approach is used to provide liquidity support to enhance credit for variable-rate debt, through a combination of external bank liquidity, self-liquidity, and other financial tools. Using a variety of approaches limits dependence on an individual type or source of credit; it also increases access to different types of investors. The System must balance liquidity requirements with its investment objectives and its cost and renewal risk of third-party liquidity providers and internal capacity.

Further, a portfolio-approach to liquidity can enhance investment flexibility, reduce administrative requirements, lower total interest costs, and reduce the need for external bank liquidity.

Overall Exposure
The System may be exposed to interest rate, third-party credit, tax (the risk that the tax code may change in future periods and impact the cost or financial result of certain debt instruments), and other potential risks in areas other than direct System debt (e.g., off-balance sheet transactions, counterparty exposure in the investment portfolio, etc.) and, therefore, exposure will be measured and monitored on a comprehensive Systemwide basis.

The chart below attempts to visually display the interplay of risks that may be present depending on the types of debt instruments employed. For instance, when using variable rate debt, interest rate risk increases for obvious reasons. For less obvious reasons, if the System utilizes third-party liquidity to support its variable rate debt, the risk of the credit-worthiness of the liquidity provider comes into play. Additionally, income tax risk is interjected when variable rate bonds are remarketed as the tax laws may change and impact the cost of carrying the variable rate debt. If the System were to convert that variable rate debt to fixed via an interest
rate swap agreement, the interest rate risks would be mitigated, but the risk of the creditworthiness of the third-party liquidity provider would not.

![Interest rate risk table]

<table>
<thead>
<tr>
<th>Underlying Fixed Rate Bonds</th>
<th>Underlying Variable Rate Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synthetic floating</td>
<td>Synthetic fixed</td>
</tr>
<tr>
<td>(Fixed rate bonds swapped to floating)</td>
<td>(Floating rate bonds swapped to fixed)</td>
</tr>
</tbody>
</table>

X. Central Loan Program Management

For purposes of this policy section, the central loan program pertains only to proceeds of XI-F debt or internal liquidity.

Each institution is responsible for the repayment of all funds borrowed from the central loan program, plus interest and any fees established in the System’s internal lending policies, regardless of the internal or external source of funds.

Loan structures with standard financial terms are offered to institutional borrowers. The System may provide for flexible financing terms in order to accommodate individual institutional needs if it is determined to be in the university’s and System’s best interest. The Vice Chancellor for Finance and Administration will clearly articulate the policies and procedures for the assumption and repayment of debt to all borrowers. The Director of Treasury Operations is the System’s loan officer for institutional borrowers.

De-linking External and Internal Debt Structures

The System has adopted a central loan program under which it provides funding for projects across all institutions under the guidance of the Vice Chancellor for Finance and Administration. In this regard, the System has established a pool of financing resources, including debt, for a central source of capital.
The benefits of this program include:

a) Enabling the structuring of transactions in the best economic interests of the System that might not be possible on a project-specific basis,
b) providing continual access to capital for borrowers,
c) permitting the System to fund capital needs on a portfolio basis rather than on a project-specific basis,
d) funding specific projects with predictable financial terms,
e) achieving a consistently low average internal borrowing costs while minimizing volatility in interest rates,
f) permitting prepayment of internal loans without penalty, and
g) achieving equity among borrowers through a blended rate.

The diagram below outlines the relationship between the System's internal borrowers, the central loan program, and the external debt market for debt that is repaid via system-generated revenues:

The central loan program can access funds from a variety of sources to originate loans to institutions. The System manages its funding sources on a portfolio basis, and therefore payments from institutions are not tied directly to a particular source of funds. (Note: due to federal tax and reimbursement requirements, actual bond debt service for certain projects still must be tracked.)

Blended Interest Rate
The System charges a blended interest rate to its institutions based on its cost of funding. In some instances, at the discretion of the Vice Chancellor for Finance and Administration, the type and useful life of the project being financed may affect the appropriate term and interest rate of any loan.
This blended interest rate may change periodically to reflect changes in the System’s average aggregate expected long-term cost of borrowing. The blended interest rate may also include a reserve for interest rate stabilization purposes.

In addition to charging borrowers interest, the central loan program collects amounts to pay for costs of administering the debt portfolio. These costs are clearly articulated to institutions, and are passed on to borrowers in the form of a rate surcharge and an upfront fee for loan origination. These charges may be reviewed and adjusted from time-to-time.

XI. Approval Process

The System, through the Oregon State Treasury, issues debt under Articles XI-F(1) and XI-G of the Oregon Constitution. The System may also enter into other financing agreements (e.g., capital leases) with external entities for amounts in excess of $100,000 with the approval of the State Treasurer and the Director of the Oregon Department of Administrative Services (DAS). Should the System be granted authority in the future to establish a revenue bond program, it is anticipated that such debt would be issued through the Oregon State Treasury as well.

All debt issued by the System must be authorized through a board resolution (or the Finance and Administration Committee as authorized by the board). When the System issues debt under Article XI-F(1) of the Oregon Constitution, the board’s authorizing resolution must include its finding, based on the analysis of debt affordability and capacity delineated in section IV above, that the XI-F(1) debt financed projects are both self-liquidating and self-supporting.

The Board delegates the authority to approve the pricing of System-issued debt to the Vice Chancellor for Finance and Administration.

Other State-issued debt is approved as follows:
- DAS issues Certificates of Participation on behalf of the System.
- The Oregon Lottery issues Lottery bonds on behalf of the System.
- The Oregon Department of Energy loans money to System institutions for energy savings projects.

When the System participates in debt programs that are administered by other State agencies, such bonds are issued by the State Treasurer who also possesses the authority to price such bonds.

XII. Policy Conflicts

The provisions of this policy will supersede conflicting policy provisions in other Internal Management Directives, board policies, and/or other fiscal policies.
DELEGATION OF APPROVAL OF ROUTINE ITEMS TO CHANCELLOR

(Approved by the Oregon State Board of Higher Education, Meeting #575, April 21, 1989, pp. 205-208; amended Meeting #577, June 15, 1989, pp. 293-296; Repealed, Meeting #843, October 8, 2010.)
Electronic Commerce, Policy Guidelines for

(Approved by the Oregon State Board of Higher Education, Meeting #690, June 16, 2000, p. 55)

Policy Guidelines for Electronic Commerce:

The Oregon State Board of Higher Education (Board) views electronic commerce as a natural extension of the business processes already conducted by the Board and its seven universities (System). The Board encourages System universities to utilize electronic commerce to improve service to its students, faculty, staff and the public, and to reduce the cost of providing these services. For purposes of this policy, electronic commerce includes all business transactions accomplished using an electronic medium. In all endeavors of this type, the System shall protect the assets of the State, the integrity of the data, the financial and confidential information about the customer, and preserve the trust and confidence in using electronic commerce. This requires an appropriate combination of System and institutional management oversight, and includes sound policies, procedures, technologies, and internal controls.

Authority:

ORS 291.038, OAR 580-040-0005

Application of the Policy:

This policy applies Systemwide to all financial transactions performed using an electronic medium that involve use of System facilities, personnel, or other resources.

Assignment of Responsibility:

(1) The Vice Chancellor for Finance and Administration or designee shall have oversight responsibility for System provisions as set forth in this policy, and for provisions relative to Chancellor's Office electronic commerce activities.

(2) Each university Vice President for Finance and Administration or designee shall have oversight responsibility on their campus for institutional provisions set forth in this policy.

Standards:

The Board affirms the need for consistency across all institutions in certain electronic commerce business activities and also recognizes the need for flexibility in others. In furtherance of these objectives, the Board establishes the following standards:
(3) Each Campus shall develop a privacy statement in accordance with the Federal Family Educational Rights and Privacy Act of 1974 (FERPA) and complimentary to the DAS privacy statement.

(4) Accounting practices for electronic commerce transactions shall adhere to appropriate accounting standards as established by the Vice Chancellor for Finance and Administration.

(5) Financial information transmitted electronically shall be sent using an appropriate level of security. The security technologies used shall, at a minimum, be consistent with standards established by the Oregon State Treasury and meet or exceed common industry standards.

(7) Sensitive data, including social security numbers, credit card numbers, passwords, and any other similar data whose compromise would have a material negative impact, shall be stored in a secure format unless otherwise approved by the institution's Vice President for Finance and Administration or designee.

(8) All transactions shall be uniquely serialized and fully journaled to provide a conclusive audit trail.

(9) All goods and services provided and received shall be routinely reconciled with the accounting records.

(12) Any non-System advertising connected with electronic commerce shall be approved in accordance with institutional policies.

13. Electronic commerce systems shall be fully and securely archived.

14. Any effort to divert electronic commerce revenues or compromise systems associated with electronic commerce activities shall be subject to prosecution under Oregon
Revised Statutes pertaining to theft, alteration of public records, or other applicable laws.

Definitions:

(1) Core Application: An activity that is closely integrated with already deployed student information systems, financial information systems, and/or human resources information systems. It is central to the institution’s mission and revenue stream, and is directly and substantially related to students. A core application is usually:

a. High dollar volume (hundreds/thousands of dollars);
b. High transaction frequency (thousands of transactions);
c. Broad scope (activity is institution-wide); and
d. High degree of integration with existing systems (uses existing dedicated computing systems).

Examples of core applications would include tuition payments, housing payments, and fee payments.

(2) Electronic Commerce: A broad term used to describe business transactions conducted using an electronic medium.

(3) Electronic Medium: Mechanism for transferring, storing, and manipulating electronic data using facilities and devices such as telephone, lease lines, the Internet, compact disc, magnetic tape, diskettes, and fiber lines.

(4) In-house Application: System owned or licensed software running on System controlled hardware.

(5) Limited Access System: A server with a dedicated purpose allowing access only to individuals with system critical needs.

(6) Peripheral Application: An activity that is not closely integrated with already deployed student information systems, financial information systems, and/or human resources information systems. It is occasional and incidental to the institution’s mission and revenue stream. A peripheral application is usually:

a. Low dollar volume (tens of dollars);
b. Low transaction frequency (tens of transactions);
c. Limited scope (activity is unique to a particular department); and

d. Low degree of integration with existing systems (no existing dedicated computing systems).

An example of a peripheral application would be the sale of a technical report by an academic department.

(7) Security/Secure: Authorization and verification of users, assuring integrity of transaction, and encryption (the conversion of data into a proprietary code or accepted open source standard for security purposes).
EMBLEMATIC DESIGNS

(Approved by the Oregon State Board of Higher Education, Meeting #505, September 23, 1983, p. 291.)

The Board delegated responsibility and authority for the approval of institutional flags, emblems, service marks, mottos, mascots, etc., to the presidents of the institutions.
EQUITY CONTRACTING PURCHASING AND DATA REPORTING PROCEDURES

( Approved by the Oregon State Board of Higher Education at Meeting #848, July 8, 2011)

I. PURPOSE

It is the policy of the Oregon University System (OUS) that all businesses, including small, minority and women-owned businesses, shall be given the maximum practicable opportunity to compete for and be awarded contracts by the institutions within OUS. The goal of this policy is to expand economic opportunities for historically underrepresented businesses by encouraging participation in OUS contracting and purchasing.

ORS 351.070(2)(c) requires the Board to adopt policies and procedures that achieve results related to the participation of Minority, Women and Emerging Small Businesses (MWESBs), as defined by the State of Oregon, that equals or exceeds the standards in effect on July 17, 1995. The Board has further delegated its authority to the institutions under ORS 351.060(9) and the institutions have further delegated their authority for certain types of contracts and purchases to departments and employees pursuant to their specific institutional policies. OAR 580-061-0000(1)(f) provides that OUS employees should encourage participation by MWESBs. This requirement is further set out in OAR 580-061-0030. The Board’s Policy on Diversity, approved on March 6, 2009, provides that the Board is committed to vendor and contracting practices that encourage and promote participation by MWESBs and requires periodic reports to the Board by the Chancellor and the presidents of each institution on progress in vendor and contracting initiatives and practices.

This policy implements these requirements. It includes targeted outreach efforts aimed at increasing opportunities for a wide range of businesses, including certified MWESBs and minority and women-owned businesses that are not currently certified by the Oregon Business Development Department (OBDD) or have chosen an alternative agency for certification. No provision of this policy is intended to provide for or encourage and the policy should not be construed as providing for or encouraging the granting of any unlawful preferences in OUS contracting; the provisions of this policy shall be implemented in accordance with the requirements of state and federal law.

II. DEFINITIONS

All capitalized terms not defined in this policy have the definitions set out in OUS rules.

Certified MWESB: An MWESB certified by the Oregon Business Development Department

Historically Underrepresented Business: Certified and self-identified MWESBs and firms certified federally or by another state or entity with substantially similar procedures to the State of Oregon.
Management Plan: A plan to increase the diversity of a business' workforce and to subcontract with or purchase from Historically Underrepresented Businesses. The Management Plan may include the business' nondiscrimination practices, subcontracting strategy, workforce diversity plan, and outreach plan to increase participation by Historically Underrepresented Businesses. Institutions are also encouraged to consider past performance of businesses in regards to workforce diversity and subcontracting plans as part of the Management Plan evaluation. The Management Plan, except for any percentage goals to utilize Historically Underrepresented Businesses, shall become part of the Contract.

Outreach Plan: An institution's plan to increase utilization of Historically Underrepresented Businesses

III. OUTREACH

Each institution shall develop an Outreach Plan. At the discretion of the institution, an Outreach Plan may include elements such as: vendor fairs, small group meetings between Historically Underrepresented Businesses and persons who solicit and enter into contracts for the institution, technical assistance for Historically Underrepresented Businesses, and dissemination of resources to institution employees with purchasing authority. The Outreach Plan may also include outreach to businesses owned by disabled veterans.

IV. CONSTRUCTION-RELATED SERVICES, PROFESSIONAL CONSULTANTS, AND CAPITAL CONSTRUCTION

A. Retainer Program for Construction Related Services

All contracts with a contract value greater than $50,000 that are awarded under the Retainer Program for Construction Related Services shall require a Solicitation Effort to at least two (2) Historically Underrepresented Businesses.

B. Retainer Program for Professional Consultants

All contracts with a contract value greater than $100,000 awarded under the Retainer Program for Professional Consultants shall require a Solicitation Effort to at least two (2) Historically Underrepresented Businesses professional consultants.

C. CM/GC and Design/Build Capital Construction Projects

All RFPs for capital construction projects and associated professional consultants utilizing CM/GC or Design/Build processes shall include a Management Plan by the proposer as part of the evaluation criteria. At least 10 percent of the total points allocated for evaluation shall be allocated to the Management Plan.
D. Solicitation Effort

For purposes of this section, Solicitation Effort means:

1. Contacting at least two (2) Historically Underrepresented Businesses, if available, individually by appropriate means (letter, fax, e-mail or telephone) to alert them of the contracting opportunity; and
2. Providing the Historically Underrepresented Businesses the same amount of time to respond to the proposal as non-Historically Underrepresented Businesses; and
3. If the institution solicits bids without posting an RFP on the OUS website, posting the names of the contractors that the institution has chosen to submit bids on the OUS Business Opportunity Capital Construction Subcontracting Opportunities website so that Historically Underrepresented Businesses can contact them to provide their services as subcontractors or suppliers; OR
4. If a significant portion of the Contract will be subcontracted to other businesses, per the determination of the institution, the inclusion of a Management Plan as part of the evaluation criteria. The evaluation of the Management Plan must represent at least 10 percent of the total points allocated for evaluation.

V. PURCHASING OF GOODS OR SERVICES

All Informal Procurements with a contract value of more than $25,000 for purchase of goods or services under a competitive process shall require a Solicitation Effort to at least one (1) certified MWESB firm.

A. Solicitation Effort

For the purposes of this section, Solicitation Effort means:

1. Institutions shall contact one Certified MWESB, if available, by appropriate means (letter, fax, e-mail or telephone) to alert them of the contracting opportunity and provide them reasonable notice to respond.
2. If no Certified MWESBs are available for the applicable solicitation, Self-identified MWESBs or firms certified by a state, the federal government or other entities, as available, may be used to satisfy the requirements of this section.

VI. RECORDS

Institutions shall keep a record of all Solicitation Efforts with its solicitation documents and in accordance with the OUS records retention rules.
VII. EMERGENCY PROCUREMENTS AND OTHER EXEMPTED CONTRACTS

This policy is inapplicable to Emergency Procurements. This policy is inapplicable to any contract exempted from competitive procurement under existing OUS policies or rules. Notwithstanding the foregoing, institutions are still strongly encouraged to contact Historically Underrepresented Businesses for Emergency Procurements or exempt contracts.

VIII. ANNUAL REPORT

A. Each institution must submit an Annual Report on its equity contracting and purchasing efforts to the OUS Chancellor's Office by November 1. Reports will be presented to the State Board of Higher Education annually.

B. The Annual Report shall include data on utilization of Historically Underrepresented Businesses for capital construction projects and goods or services purchases for the most recently completed fiscal year. The Annual Report will also compare utilization to the previous year's utilization. Institutions may choose to include comparisons to data from any other previous fiscal year, as available.

1. Utilization data shall be separated into the following categories:
   a) Certified Minority Business Enterprises;
   b) Certified Women Businesses Enterprises;
   c) Certified Emerging Small Business Enterprises; and
   d) Self-identified MWESBs and MWESBs certified by another state, the federal government, or some other certifying entity whose certification processes are substantially similar to the processes used by the OBDD.

2. The Annual Report must include utilization data from the contracts with firms within the categories listed in 1(a), (b), and (c). The Annual Report may include utilization data from contracts with firms within the category listed in 1(d). The Annual Report may also include utilization data from contracts with non-MWESB firms that subcontract with Historically Underrepresented Businesses.

3. The Annual Report shall include data on Historically Underrepresented firms that are subcontractors on capital construction projects. The OUS Chancellor's Office shall set out the format for reporting this data.

4. The Annual Reports shall include the total number of Historically Underrepresented Businesses that did business with the institution during the most recently completed fiscal year.

5. All utilization data shall be reported as a percentage of total covered expenditures and as the total value of the covered contracts as set out below. The expenditure categories listed in Addendum 1 shall be excluded from the report.
Equity Contracting Purchasing and Data Reporting Procedures

REQUIRED DATA FIELDS FOR ANNUAL REPORT

<table>
<thead>
<tr>
<th>1. Dollar Value</th>
<th>Capital Construction (including subcontracting)</th>
<th>Goods and Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Certified Minority Business Enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Certified Women Business Enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Certified ESBs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total of 1-3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Self-identified MWESBs and MWESBs certified by other than OBDD</td>
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<td></td>
<td></td>
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<tr>
<td>Total of 1-4</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Percentage of Total Expenditures</th>
<th>Capital Construction (including subcontracting)</th>
<th>Goods and Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Certified Minority Business Enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Certified Women Business Enterprises</td>
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<tr>
<td>Total of 1-3</td>
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<tr>
<td>4. Self-identified MWESBs and MWESBs certified by other than OBDD</td>
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<td></td>
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<tr>
<td>Total of 1-4</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Number of Historically Underrepresented Businesses doing business with institution</th>
<th>Capital Construction (including subcontracting)</th>
<th>Goods and Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Certified Minority Business Enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Total of 1-3</td>
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<td>Total of 1-4</td>
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</tbody>
</table>
ADDENDUM 1

Excluded Expenditure Categories

[To be completed.]
EVALUATION OF CHANCELLOR

(Adopted by the Oregon State Board of Higher Education, Meeting #531, November 22, 1985, pp. 379-381. See also "Evaluation of Chief Administrators," Meeting #556, October 16, 1987, pp. 501-502; Repealed by the Oregon State Board of Higher Education, Meeting #843, October 8, 2010.)
EVALUATION OF CHIEF ADMINISTRATORS

EXECUTIVE LEADERSHIP AND MANAGEMENT

POLICY/PURPOSE
To ensure the efficiency and effective operation of the Oregon University System (OUS), including the Office of the Chancellor and the seven OUS institutions, the Board will appoint, outline duties, and otherwise dictate and supervise the terms and conditions of employment for the executive and governing officers of the System, including the Chancellor and the presidents of each of the OUS institutions.

AUTHORITY/CROSS-REFERENCES
- Oregon Revised Statutes Chapter 351
- Oregon Revised Statutes Chapter 352
- Oregon Administrative Rules Division 20
- Oregon Administrative Rules Division 21
- Board Policy on Policies & Internal Management Directives

PROCEDURES/GUIDELINES/PROCEDURES
(A) General Duties of the Chancellor

The Chancellor is the chief executive officer of the Oregon University System. The Chancellor is responsible for the implementation of the Board’s decisions, directives, and plans. Except where otherwise designated, and consistent with the Board’s Policy on Policies and Internal Management Directives, the Chancellor is delegated full authority to act on behalf of the Board, to discharge the day-to-day operations and transactions of OUS, and to ensure, through presidents, that OUS institutions carry out their responsibilities and obligations. The Chancellor will seek the advice of institution presidents when making decisions having substantial Systemwide impact. The Chancellor or designee—consistent with Board by-laws, committee charters, and policies—will be responsible for presentation of all business and other matters to be considered by the Board at any of its meetings, in addition to those items identified and brought by Board members.

The procedures to search for, appoint, reappoint, evaluate, and set the terms and conditions of employment of the Chancellor were found at IMD 1.010 through 1.055 [repealed 10/08/10, #843].

(B) Employment Authority of the Chancellor

(1) The Chancellor will make recommendations to the Board—in which rests the sole power of decision—concerning the selection, appointment, reappointment, evaluation, salaries, and terminations of institution presidents.

Unless specifically noted by the Board, the Chancellor is authorized, upon consultation with the Board president, to negotiate and execute employment agreements, notices of
appointment, or contracts with institution presidents, including terms and conditions of employment over which authority has not been reserved by the Board.

The procedures to search for, appoint, reappoint, evaluate, and set the terms and conditions of the institution presidents were found at IMD 1.102 through 1.155 [repealed 10/08/10, meeting #843].

(2) The Chancellor is authorized to approve, upon consultation with the Board president, the selection, appointment, reappointment, evaluation, salaries, discipline, reassignments, terminations, and all for terms and conditions of employment of the senior leadership of the Office of the Chancellor, including vice chancellors, legal counsel, and board secretary, consistent with Board rule, policy, and IMD.

(3) The Chancellor is authorized to approve the selection, appointment, reappointment, evaluation, salaries, discipline, reassignments, terminations, and all other terms and conditions of employment of all other employees of the Office of the Chancellor, consistent with Board rule, policy, IMD, and, if applicable, collective bargaining agreement.

(4) The Chancellor is authorized to approve up to sixty (60) days paid leave at ninety (90) percent regular pay for institution presidents, vice chancellors, or the board secretary for purposes of undertaking study or research that will be of benefit to the institution or system.

(5) The Chancellor is authorized to delegate duties or to designate staff to carry out any duties assigned to the Chancellor.

(C) Official Representative to Government

(1) The Chancellor is the official representative of the Oregon University System—including the Office of the Chancellor and the seven OUS institutions—to Oregon state government, including, but not limited to the Governor, the Oregon Legislature, the Secretary of State, the Attorney General, the Treasurer, and the Department of Administrative Services.

(2) To the extent allowed by law, the Chancellor may designate others to represent the Oregon University System in its dealings with Oregon state government, as the Chancellor deems necessary and appropriate.

(D) Chancellor's Reports to the Board

To keep the Board apprised of the operational affairs of the Oregon University System, the Chancellor or designee will:
(1) Report major academic, fiscal, or operational issues to the Board at each regularly scheduled Board meeting; and

(2) Prepare, in consultation with the Board president, a written annual report of the major academic, fiscal, or operational issues facing the Oregon University System that may be used, in part, for the Chancellor's performance evaluation.

(E) Institution Presidents Responsible to the Chancellor

(1) The institution president is the executive and governing officer of the institution and is president of the faculty pursuant to ORS 352.004. The institution president is responsible to the Chancellor for all matters concerning the institution and is an advisor to the Chancellor in matters of interinstitutional policy and administration. The institution president will participate in meetings called by the Chancellor to seek advice regarding OUS operations and policy. The institution president will implement and execute rules, policies, plans, directives, budgets, and guidelines as approved by the Chancellor.

(2) The institution president will develop and implement, in consultation with the appropriate institution committees, groups, and employees, the policies, plans, proposals, budgets, and guidelines affecting the institution as deemed necessary and/or advisable, as consistent with Board rule, policy, IMD, or direction from the Chancellor. The institution president will advise the Chancellor of any institution events that substantially affect the well-being of the institution or system or of any major proposed changes of institution policies, plans, budgets, or standards.

(3) The institution president or designee is responsible for all recommendations transmitted from the institution to the Chancellor.

(4) The relationship of the institution president to the Board is through the Chancellor as the chief executive officer of the Oregon University System.

(F) Presidential Authority

(1) The institution president is delegated full authority and responsibility to manage and administer the affairs of the institution, except as otherwise provided for in Board rule, policy, IMD, and directive. The institution president is delegated full authority for determining the organizational structure of the institution, except as otherwise provided for in Board rule, policy, IMD, and directive.

(2) The Board delegates to institution presidents the authority for the terms and conditions of employment of all institution employees to the extent that the exercise of such authority is consistent with Board rules, policies, internal management directives, and, when applicable, collective bargaining agreements.
Executive Leadership and Management

(3) Notwithstanding section (F)(2) of this policy, institution presidents will, for any employee that reports directly to the institution president as part of his/her senior leadership team, including, but not limited to vice presidents, provosts, athletic directors, and legal counsel:

(a) Inform the Chancellor or designee regarding the proposed material terms and conditions of employment, including, but not limited to, compensation from all sources, term of employment, and any termination with or without cause or severance provisions, prior to appointment or reappointment;

(b) Provide the Chancellor or designee with a final written employment agreement, notice of appointment, or contract after appointment or reappointment; and

(c) Inform the Chancellor or designee regarding a proposed non-renewal, reassignment, negotiated resignation, or termination, with or without cause, prior to execution of the proposed employment action.

(4) Notwithstanding section (F)(2) of this policy, institution presidents will inform the Chancellor or designee prior to the appointment or reappointment of any employees, regardless to whom they report, regarding proposed compensation, from any source, exceeding $300,000 and/or a term of employment of greater than three years and provide a copy of the employment agreement, notice of appointment, or contract for these employees to the Chancellor or designee after its execution.

(5) Notwithstanding section (F)(2) of this policy, for institution employees with annual compensation exceeding $300,000, the institution president will consult the Chancellor and the Board president prior to the execution of any severance package, separation agreement, or negotiated termination of employment.

(6) As outlined in ORS 352.004, the institution president is the president of the institution faculty. The institution president is authorized to convene and preside over the faculty and to veto any decisions of the faculty or its representative bodies. The institution president will define the scope of faculty authority—including its councils, committees, and officers, subject to review by the Chancellor—except as provided in Board rule, policy, or IMD.

(7) Each institution is authorized to formulate a statement of internal governance expressed as a constitution or in another appropriate format which will be ratified as the official statement of internal governance by the relevant institutional body or bodies and the institution president. All statements of internal governance will be consistent with statutes governing the Oregon State Board of Higher Education, the Oregon University System, and any applicable Board rules, policies, or IMD.
(8) The statement of internal governance is subject to review and amendment when a new institution president assumes office or at other such times provided for in the internal governance statement. Any amendment to the statement of internal governance will be subject to ratification by the relevant institutional body or bodies and the institution president.

DOCUMENT HISTORY
- Promulgated October 8, 2010, by majority vote of the Board.
- Board Policy on “Delegation of Approval of Routine Items to Chancellor”
  - Approved by the Oregon State Board of Higher Education, Meeting #575, April 21, 1989, pp. 205-208
  - Amended Meeting #577, June 15, 1989, pp. 293-296
  - Repealed, Meeting #843, October 8, 2010
- IMDs 1.010 through 1.055, repealed Meeting #843, October 8, 2010
EXECUTIVE SEARCHES, APPOINTMENTS, AND MANAGEMENT

POLICY/PURPOSE
To ensure effective executive leadership of the Oregon University System ("OUS"), including the Office of the Chancellor and the seven OUS institutions, the Board will deploy the following standards for the search, appointment, reappointment, and evaluation of the executive and governing officers of the System, including the Chancellor and the presidents of each of the OUS institutions.

AUTHORITY/CROSS-REFERENCES
- Oregon Revised Statutes Chapter 351
- Oregon Revised Statutes Chapter 352
- Oregon Administrative Rules, Division 20
- Oregon Administrative Rules, Division 21
- Board Policy on Policies & Internal Management Directives
- Board Policy on Executive Leadership and Management

PROCEDURES/GUIDELINES/PROCEDURES
(A) Selection and Appointment of the Chancellor

(1) The Board retains the sole responsibility for the selection and appointment of the Chancellor and authorizes the Board president to conduct the search on its behalf.

(2) When it becomes necessary to hire a Chancellor, the Board president will initiate a search. The search will be conducted in a manner consistent with guidelines recommended by the Governance and Policy Committee and approved by the Board. The search guidelines will be designed to ensure appropriate public notice and will address affirmative action considerations.

(3) A single search committee will be responsible for assisting the Board president by identifying, recruiting, and evaluating possible candidates for Chancellor. The Board, in addition to a search committee, may contract for the services of a consulting or executive search firm in order to assist it recruiting candidates and organizing and executing the search process.

(a) The Board president will appoint members of the search committee. At least one member of the search committee will be a current member of the State Board of Higher Education. The Board president will appoint a search committee chair, who will be a current member of the State Board of Higher Education.

(b) The Board president will appoint a senior employee of the Office of the Chancellor to serve as coordinator of the search. The coordinator will serve as a non-voting ex-officio member of the committee.
(4) The search committee will recommend finalists to the Board president. The Board president may meet with the search committee to discuss the strengths and weaknesses of the finalists. The search committee will not rank the finalists.

(5) Consistent with the guidelines approved by the Board at Section (A)(2), the Board president will interview the finalists. The Board president, after consultation with the search committee and members of the Governance and Policy Committee, is authorized to narrow the field of finalists that will be forwarded to the Board.

(6) Consistent with the guidelines approved by the Board at Section (A)(2), the Board will interview the finalist or finalists in executive session. Following the interviews, the Board president will negotiate terms and conditions of employment with the Board’s first preference for Chancellor. If the negotiation is unsuccessful, the Board president will seek further advice from members of the Board before negotiating with other finalists.

(7) Upon the successful negotiation of the terms and conditions of employment, the Board will vote on the new Chancellor’s appointment at a public meeting of the Board.

(B) Selection of an Interim or Acting Chancellor

(1) When the position of Chancellor becomes vacant prior to the appointment of a regular successor, the Board president will, after consultation with the members of the Governance and Policy Committee and other constituents as necessary, recommend a candidate for interim Chancellor.

(2) The Board president or designee will interview the recommended candidate for interim Chancellor. The Governance and Policy Committee or the Board, in its discretion, may meet in executive session to discuss the strengths and weaknesses of the recommended candidate.

(3) At its next regular meeting or at a special meeting, the Board will vote on the interim Chancellor’s appointment. The interim Chancellor will serve until the Board has appointed a regular Chancellor or until the interim Chancellor has been relieved of the duties and responsibilities of Chancellor. Throughout his/her term, the interim Chancellor will serve at the pleasure of the Board.

(4) When an incumbent Chancellor is temporarily unable to discharge his/her duties or leaves for a period that, in the judgment of the Board president, warrants a temporary replacement, the Board president, after consultation with members of the Governance and Policy Committee and other constituents as necessary, will recommend a candidate for acting Chancellor.
(5) The Board president or designee will interview the recommended candidate for acting Chancellor. The Governance and Policy Committee or the Board, in its discretion, may meet in executive session to discuss the strengths and weaknesses of the recommended candidate.

(6) At its next regular meeting or at a special meeting, the Board will vote on the acting Chancellor’s appointment. The acting Chancellor will serve until the incumbent is able to resume his/her duties or until the acting Chancellor has been relieved of the duties and responsibilities of Chancellor. Throughout his/her term, the acting Chancellor will serve at the pleasure of the Board.

(C) Selection of an Interim Chancellor as Regular Chancellor

(1) When the Board must decide whether to search for a Chancellor or move an interim or acting Chancellor to regular status, the process at Section (B) will be used.

(D) Evaluation of the Chancellor

(1) The Chancellor will be evaluated for performance by the Board pursuant to the process, standards, and criteria established by the Board’s Governance and Policy Committee. The Chancellor and Board president will be consulted as the Board’s Governance and Policy Committee establish the evaluative process, standards, and criteria.

(E) Selection and Appointment of an Institution President

(1) The Board retains the sole responsibility for the selection and appointment of institution presidents and delegates authority to the Chancellor to conduct the search on its behalf. The direct costs of the presidential search will be borne by the institution.

(2) When it become necessary to hire an institution president, the Chancellor, after consultation with Board leadership, will initiate a search process. The search will be conducted in a manner consistent with guidelines established by the Chancellor and approved by the Board. The search guidelines will be designed to ensure appropriate public notice and will address affirmative action considerations.

(3) A single search committee will be responsible for assisting the Chancellor and the Board by identifying, recruiting, and evaluating possible candidates for the position of institution president. The Board, in addition to a search committee, may contract for the services of a consulting or executive search firm in order to assist it recruiting candidates and organizing and executing the search process.

(a) The Chancellor will appoint the members of the search committee after consultation with Board leadership. The search committee will include at least one current Board member. A current Board member will serve as chair of the search committee.
(b) The Chancellor will appoint a senior employee of the Office of the Chancellor to serve as coordinator of the search. The coordinator will serve as a non-voting ex-officio member of the committee.

(c) The Chancellor will appoint a campus-based search coordinator after consultation with the senior employee of the Office of the Chancellor assigned to the committee, the search committee chair, and institutional leadership.

(4) The search committee will recommend finalists to the Chancellor. The recommendations should be accompanied by a detailed report of the strengths and weaknesses of each candidate, especially in terms of the desired qualifications for the position. The report may include summaries of the evaluations from individuals and groups who provided information to the search committee. The recommendations from the search committee will be unranked.

(5) The Chancellor will interview the committee’s finalists. The Chancellor is authorized to narrow the field of candidates, but only after consultation with the search committee. The Chancellor is authorized to rank the candidates.

(6) The Board will interview the finalists forwarded by the Chancellor in executive session.

(7) Consistent with the guidelines approved by the Board at Section (F)(2), the Board will interview the finalist or finalists in executive session. Following the interviews, the Chancellor will negotiate terms and conditions of employment with the Board’s first preference for institution president. If the negotiation is unsuccessful, the Chancellor will seek further advice from members of the Board before negotiating with other finalists.

(8) Upon the successful negotiation of the terms and conditions of employment, the Board will vote on the new institution president’s appointment at a public meeting of the Board.

(F) Selection of an Interim or Acting Institution President

(1) When the office of institution president become vacant prior to the appointment of a regular successor, the Chancellor will, after consultation with Board leadership, campus leadership, and other constituencies as necessary, recommend the name of a candidate for interim president.

(a) The Board president or designee will interview the recommended candidate for interim president. The Board, in its discretion, may meet in executive session to discuss the recommended candidate’s strengths and weaknesses.
(b) At its next regular meeting or at a special meeting, the Board may appoint the candidate as interim president. The interim president will serve until the Board has appointed a regular institution president or until the interim president has been relieved of the presidential duties and responsibilities. Throughout his/her term, the interim president will serve at the pleasure of the Board.

(2) When an incumbent institution president is temporarily unable to discharge his/her duties or takes a leave for a period that, in the judgment of the Chancellor and the Board, warrants a temporary replacement, the Chancellor will, after consultation with Board leadership, campus leadership, and other constituencies as necessary, recommend the name of a candidate for acting president.

(a) The Board president or designee will interview the recommended candidate for acting president. The Board, in its discretion, may meet in executive session to discuss the recommended candidate's strengths and weaknesses.

(b) At its next regular meeting or at a special meeting, the Board may appoint the candidate as acting president. The acting president will serve until the Board determines that the incumbent is able to resume his/her official duties or until the acting president has been relieved of the presidential duties and responsibilities. Throughout his/her term, the acting president will serve at the pleasure of the Board.

(G) Selection of an Interim Institution President as President

(1) When the Board must decide whether to search for an institution president or move an interim or acting president to regular status, the process at Section (G) will be used.

(H) Evaluation of an Institution President

(1) The institution president will be evaluated for performance by the Chancellor and the Board pursuant to the process, standards, and criteria established by the Board’s Governance and Policy Committee. The institution president, Chancellor, and Board president will be consulted as the Board’s Governance and Policy Committee establish the evaluative process, standards, and criteria.

DOCUMENT HISTORY

- Promulgated October 8, 2010, by majority vote of the Board.
- Former Policy for Presidential Search Process:
  o Adopted by the Oregon State Board of Higher Education, Meeting #535, March 21, 1986, pp. 122-130
  o Amended Meeting #560, February 17, 1988, pp. 64-70;
  o Amended Meeting #570, October 21, 1988, pp. 564-570;
  o Amended Meeting #581, October 20, 1989, pp. 457-463;
- Amended Meeting #623, October 22, 1993, pp. 500-508;
- Amended Meeting #627, April 22, 1994, pp. 130-136;
- Amended Special Meeting, January 29, 1997, pp. 41-50;
- Amended Meeting #667, October 17, 1997, pp. 462-472;
- Amended, Meeting #667, pp. 462-472;
- Repealed, Meeting #843, October 8, 2010.
- IMDs 1.102 through 1.155, repealed Meeting #843, October 8, 2010
EXECUTIVE CONTRACTS/NOTICES OF APPOINTMENT FOR CHANCELLOR AND
INSTITUTION PRESIDENTS

POLICY/PURPOSE
To ensure effective documentation of the employment relationship between the State Board of
Higher Education and the OUS Chancellor and institution presidents, the Office of the State
Board and the Office of the Chancellor will deploy the following procedures in negotiating,
memorializing, communicating, and retaining employment agreements.

AUTHORITY/CROSS-REFERENCES
- Oregon Revised Statutes Chapter 351
- Oregon Revised Statutes Chapter 352
- Oregon Administrative Rules, Division 20
- Oregon Administrative Rules, Division 21
- Board Policy on Policies & Internal Management Directives
- Board Policy on Executive Leadership and Management
- Board IMD on Executive Searches, Appointment, and Management

PROCEDURES/GUIDELINES/PROCEDURES
(A) New Appointments

(1) Prior to the appointment of a new Chancellor or institution president, the Office of the
State Board will prepare, at a minimum, with the assistance of the OUS Office of Human
Resources and/or the Office of the Legal Counsel, a written notice of appointment for
the new Chancellor or institution president. The notice of appointment will, at a
minimum, include the required terms and conditions of employment including, but not
limited to compensation, from all sources, the term of appointment, the applicability of
Board and institution rules and policies, and that a formal employment contract is
contemplated and will be negotiated with the Board president, in the case of a new
Chancellor, or with the Chancellor, in the case of a new institution president.

(2) The notice of appointment described in section (1) will include a space for the new
Chancellor or institution president to acknowledge receipt of the notice of appointment
by his/her signature.

(3) The notice of appointment described in section (1) will not be required if a formal
contract is prepared to the satisfaction of the parties and ready for execution
immediately following the public appointment of the new Chancellor or institution
president.

(4) Immediately following the appointment of a new Chancellor or institution president,
either a written notice of appointment described in section (1) or a formal written
contract described in section (3) will be executed. Original copies will be distributed to the following:

(a) the new Chancellor or institution president;
(b) the Office of the State Board, which will retain the Board’s official copy;
(c) the Office of the OUS Legal Counsel; and
(d) in the case of a new institution president, the institution’s Office of Human Resources.

(5) If a written formal contract is not prepared to the satisfaction of the parties immediately following the appointment of a new Chancellor or institution president, the parties will, as soon as practicable, negotiate the formal contract that will govern the employment relationship and will supersede the notice of appointment described in section (1).

(B) Wage Adjustments

(1) If a Chancellor or an institution president receives a wage or compensation adjustment in the course of his/her term of appointment, as approved by the Board or Chancellor, as appropriate, the Office of the State Board will prepare a written notice of wage adjustment.

(2) Immediately following the approval of a wage or compensation adjustment, the Office of the State Board will distribute copies of the written notice of wage adjustment to the following:

(a) the new Chancellor or institution president;
(b) the Office of the State Board, which will retain the Board’s official copy;
(c) the Office of the OUS Legal Counsel; and
(d) in the case of a new institution president, the institution’s Office of Human Resources.

(C) Reappointments

(1) Prior to the reappointment or extension of the contract term of a Chancellor or institution president, the Office of the State Board will prepare, at a minimum, with the assistance of the OUS Office of Human Resources and/or the Office of the Legal Counsel, a written amendment to the formal employment contract, memorializing the new term of employment.

(2) Immediately following the approval of a reappointment or extension of the contract term, the Office of the State Board will distribute copies of the written amendment to the following:

(a) the Chancellor or institution president;
(b) the Office of the State Board, which will retain the Board’s official copy;
(c) the Office of the OUS Legal Counsel; and
(d) in the case of a new institution president, the institution’s Office of Human Resources.

DOCUMENT HISTORY
- Promulgated October 8, 2010, by majority vote of the Board.
- IMDs 1.040, 1.045, and 1.140 through 1.155, repealed Meeting #843, October 8, 2010
EXECUTIVE MANAGEMENT

FCC LICENSES OPERATED WITHIN OUS, ADMINISTRATION OF

(Adopted by the Oregon State Board of Higher Education, Meeting #707, June 21, 2002, pp. 48-49)

Oregon's public universities operate a variety of wireless telecommunications services that are licensed by the Federal Communications Commission (FCC).

As the legal owner of the FCC licenses, the Oregon State Board of Higher Education (Board) has the responsibility to see that the licenses are administered accurately and in accordance with FCC regulations. In addition, the Board has the authority to delegate these administrative functions within OUS.

The Chancellor, as the administrative officer of the Board, is delegated the oversight for those administrative functions required by FCC licensure. The Chancellor is the repository for such license documentation deemed necessary to protect the rights of the Board. The Chancellor is authorized to further delegate responsibility to the institutions of OUS. In this capacity, the institutions would serve as agents of the Board.

It is the institutions' responsibility for those functions delegated to them, to provide capable management of those functions, to conduct business with the FCC in accordance with FCC regulations, to report such business proceedings to the Chancellor, and to provide necessary documentation concerning these licenses to the Chancellor as required.

1. Purpose

The purpose of these procedures is to provide standards for the administration of FCC licenses within the Oregon University System consistent with the adopted Oregon State Board of Higher Education (Board) policy regarding FCC licenses.

2. Delegation of FCC License Administration

Pursuant to the Board policy on FCC Licenses, and in accordance with the Chancellor's authority as the administrative officer of the Board, the administration of all FCC licenses owned by the Board and operated by the institutions of the Oregon University System (OUS) is hereby delegated to the institution presidents. This delegation includes the signature authority to conduct business with the FCC as a legal agent of the Board.

3. Chancellor's Oversight Function

In accordance with the Chancellor's authority to provide oversight of these administrative functions, the Chancellor shall specify the data to be reported and the frequency of reporting. The Chancellor has determined that a current copy of each FCC license owned by the Board will be required for storage within the Chancellor's Office files and for each group of FCC licenses the institution decides to administer as a unit (a
unit is defined as one or more FCC licenses administered by the same person), the institution must provide the following information to the Chancellor:

- A list of the FCC Call Signs being assigned to the unit.
- The FCC Registration Number (FRN) for each Call Sign in the unit.
- The position that has been delegated the responsibility, by the institution president, for administering the unit. Include the name, title, phone number, and e-mail address of the person in that position.
- The name of the engineer that maintains the licensed equipment in the unit. If more than one engineer performs the maintenance, list the call signs with which each is responsible. Engineer is defined as the lead OUS engineer, or if other than OUS staff, the name of the firm contracted to perform the maintenance.
- A completed Signature Authorization Request form signed by the person administering the unit.

4. Reporting Requirements

(a) Maintenance of Information: It will be the responsibility of the institution to keep the information listed under Chancellor's Oversight Function current with the Chancellor. This means that whenever changes occur to a call sign, a copy of the final status that is granted by the FCC for each filing will be forwarded to the Chancellor. For example, when a license is renewed, a copy of the document granting the renewal must be forwarded. Likewise, when an application for a new license is made, a copy of the granted license (e.g., a construction permit, license, etc.) must be forwarded.

In addition, if the engineer or the administrator of the group has changed, that information must be relayed to the Chancellor as well as a completed Signature Authorization Request form in the case of a change in the administrator.

(b) Annual Reporting: On a fiscal year basis, in July of each year, the institution will report the following information to the Chancellor for each FCC license administered by that institution:

- A current list of the FCC Call Signs assigned to each unit.
- A letter from the institution president to the Chancellor certifying that all information required by these procedures is current and correct.
5. **Signature Authorization Request**

A Signature Authorization Request must be submitted to the Chancellor and must be signed by the institution president for each unit of licenses to be administered by each person administering FCC licenses for the institution. The following information must be included:

- Name, title, department name, phone number, and e-mail address of the person who will administer and perform the online entry and submission of FCC documents for the group of licenses.
- The following paragraph, signature block and signature:

> I, ____________________________, agree to perform the duties in a timely manner required by the Federal Communications Commission (FCC) and the policies of the Board in the administration of the FCC licenses I have been assigned in accordance with the FCC rules and regulations. I also acknowledge that, in this capacity, I am acting for and on behalf of the Oregon State Board of Higher Education.

______________________________

(the proposed administrator's signature)
FINANCIAL IRREGULARITIES

Adopted by the Oregon State Board of Higher Education, Meeting #818,
November 7, 2008
Repealed, Meeting #862, January 11, 2013
FIREARMS

(Approved by the State Board of Higher Education, meeting #855, March 2, 2012)

POLICY/PURPOSE
Oregon Revised Statutes 351.060(1) and (2) grant the State Board of Higher Education broad authority over its property. It states: “The State Board of Higher Education may [c]ontrol and provide for, subject to the conditions of this section, the custody and occupation of the grounds, buildings, books, papers and documents belonging to each and all the institutions, departments or activities under the control of the State Board of Higher Education [and may] [m]anage, control and apply all property of whatever nature given to or appropriated for the use, support or benefit of any or all of the institutions, departments or activities under the control of the State Board of Higher Education...” Additionally, Senate Bill 242 grants the State Board of Higher Education the “sole authority to govern, set policy, and otherwise manage the affairs of the public universities listed at ORS 352.002” and states the Board “shall exercise and carry out all of the powers, rights and duties that are expressly conferred upon the board or that are implied by law or incident to such powers, rights and duties.”

Pursuant to this authority to manage its affairs and control its property—and in recognition of its obligation to provide a safe environment to its students, employees, visitors, vendors, and patrons—the State Board of Higher Education promulgates the following internal policy governing firearms for the Oregon University System, including the Chancellor’s Office and the OUS institutions.

AUTHORITY/CROSS-REFERENCES
Oregon Revised Statutes Chapter 351, with specific reference to ORS 351.060 and SB 242 (2011).

PRINCIPLES/GUIDELINES/PROCEDURES
A. Control by OUS of its Premises Regarding Students, Employees, Contractors, Event Attendees, and Users of Board-Owned or Controlled Property

Subject to the exceptions stated in paragraph (C) below, the following persons are prohibited, at all times, from possessing a firearm on Board-owned or controlled property, whether or not that person possesses a concealed handgun license:

(1) Any person with student status, including, but not limited to full-time, part-time, non-admitted, or any person auditing a course at an OUS institution;

(2) Any person employed by the State Board of Higher Education or Oregon University System, including the Chancellor’s Office or OUS institutions;
(3) Any person, whether individually or as an agent of an entity, with whom the Oregon University System, including the Chancellor’s Office or an OUS institution, has a business relationship, including, but not limited to independent contractors or vendors under contract with the State Board of Higher Education or the Oregon University System, including the Chancellor’s Office or an OUS institution. The Chancellor’s Office or OUS institution, as appropriate, is encouraged to include a contractual clause identifying this obligation in all of its contracts, but this obligation is binding whether or not such a clause is included. Exceptions may be made when the possession of a firearm is required for the discharge of the duties under the contract or business relationship. Examples include, but are not limited to armored car service to ATM machines within the campus boundary;

(4) Any person attending an event, including but not limited to athletic events, performances, lectures or speeches, which require a ticket for admission. Each OUS institution is encouraged to include a contractual clause identifying this obligation on all of its tickets, which function as licenses to attend an event on Board-owned or controlled property, but this OUS policy is effective regardless of the existence of such clauses; and

(5) Any person leasing, renting, or reserving Board-owned or controlled property. Each OUS institution is encouraged to include a contractual clause identifying this obligation in all contracts with such persons, but this OUS policy is effective regardless of the existence of such clauses.

B. Control by OUS of its Premises Regarding Others

Subject to the exceptions stated in paragraph (C) below, no person may possess a firearm on or in the following places on Board-owned or controlled property, whether or not that person possesses a concealed handgun license:

(1) OUS institution buildings or buildings owned or controlled by the Board; and

(2) OUS sports or performance venues or sports or performance venues owned or controlled by the Board; and

(3) OUS institution work places or work places owned or controlled by the Board.

C. Exceptions

The State Board of Higher Education authorizes the following exceptions to its Policy on Firearms:

(1) Possession by on-duty law enforcement officers licensed with the Oregon Department of Public Safety Standards and Training or equivalent state or federal authority authorized to license the possession of firearms by law enforcement officers;
(2) Possession by any person participating in an institutionally-recognized or sanctioned U.S. military program, including, but not limited to Reserve Officer Training Corps (ROTC), provided that safety protocols established by such program for the possession and secure storage of firearms have been approved by such program and are followed;

(3) Possession by residents within a family housing dwelling or any other living arrangement governed by Oregon landlord-tenant law. Residence halls and other living arrangements not governed by Oregon landlord-tenant law are expressly excluded from this exception. Possession of firearms by such residents outside the dwelling is subject to the restrictions of this policy; and

(4) Possession by persons in compliance with any institution policy that provides for the transportation and/or safe and secure storage of unloaded firearms in order for a student or employee to have access to a firearm for hunting or target shooting, or for academic research, so long as the policy:

(a) minimizes the presence of the firearms on Board-owned or controlled property; and

(b) restricts the presence of firearms on Board-owned or controlled property in such cases to those instances in which the person wishing to possess the firearm on Board-owned or controlled property demonstrates a need, as reasonably required by the institution, to possess or transport the firearm on or across Board-owned or controlled property for such hunting or target shooting or academic research; and

(c) requires that such firearms be unloaded except in connection with an institution-sanctioned target-shooting event.

(5) Possession by persons engaged in public safety or campus police training, where authorized.

(6) The Chancellor or OUS president is authorized to make a temporary exception to this policy on the showing of good cause or necessity.

D. Review

(1) This Board policy will be reviewed from time-to-time, but no less than once a biennium, for amendment or revision.
FOREIGN STUDY PROGRAMS, GUIDELINES FOR

(Adopted by the Oregon State Board of Higher Education, Meeting #359, July 24-25, 1967, pp. 416-419; revised Meeting #374, June 10, 1969, p. 397.)

Development and Review of Plans
for Proposed Foreign Study Programs

1. Review and Approval of Plans by Board's office. Plans for proposed institutionally sponsored foreign study programs, both credit and noncredit, including those offered during the summer term, should be submitted to the Board's office for appropriate review and approval before institutions make commitments as to the proposed program.

2. By Way of Suggestion. Plans for foreign study programs are more likely to be sound in principle and manageable in practice if they have had the benefit of thorough review on the home campus before submission to the Board's office. Experience of institutions that have had extensive experience with such programs suggests that the programs benefit from:

   a. Wise Use of Consultant Help in the Planning Stages. Such consultant help is available on the campus in the person of individuals who have had experience with foreign study programs. This is particularly true where institutions have appointed a committee or a single individual on campus to have general oversight and responsibility for review of all such program proposals. Such a committee or individual, by reason of this assignment, becomes thoroughly familiar with the characteristics of sound foreign study programs and with the pitfalls that most commonly entrap the planner.

   Also, within the Oregon University System there is consultant help available through the interinstitutional committee on international education, on which committee each institution has a representative. Institutions are encouraged to make use of the consultative resources of this committee in the early stages of the planning of foreign study programs, particularly those programs that it is anticipated will be offered as joint programs with registration encouraged from more than one institution.

   b. Review at the Institutional Level Before Forwarding of Plan to the Board’s office. Institutions that have assigned to a designated individual or institutional committee reviewing responsibility for foreign study program plans have found that the reviewing officer or committee becomes a useful resource in at least two ways: (1) as a consultant service during the planning stages of the proposed programs, and (2) as a reviewing agent to insure that the proposed study plans
Program Considerations

1. **Objectives of the Program.** The objectives of the program should be carefully examined to determine whether they are both worthy and feasible. They should be related clearly to the educational mission of the home institution and, regardless of length, should exact academic standards comparable to campus programs of the sponsoring institution.

2. **Objectives, Curricula, Methods of Instruction to Be Correlated.** Programs ranging in length from a summer session of eight weeks to one of a full academic year may be equally valid, but the objectives, curricula, methods of instruction, and student needs may be quite different and should be specified in the program plan. The timing of the foreign study should be carefully considered and the selection of the curriculum and students closely correlated with the length of stay in the host country.

3. **Acquaintance with Conditions in Host Country.** Institutions contemplating the establishment of a study program abroad should be aware of the many possible difficulties posed by such factors as different educational systems, different teaching methods, limited libraries, and potential misunderstandings between the students and the local population.

   A study should be made of all available information concerning the educational facilities, the cultural resources, and the socio-economic-political situation in the host country. An on-the-spot investigation of these factors is desirable and, in some instances, essential.

4. **The Clientele for Whom the Program is Intended Should be Clearly Indicated.** This should be clear both from an overt statement as to the clientele to be served as well as being evident implicitly from the type of program proposed.

5. **Students Not To Be Penalized.** The program should be so designed that students will not, on balance, be penalized in terms of time expended and credits earned. Scholarships and other forms of financial assistance should be made available to them on the same basis as on the home campus.

6. **No Credit Contemplated for Purely Travel Programs.** It is not contemplated that academic credit will be granted for programs that are solely or almost entirely travel or tour programs.

7. **Costs of the Program.** Costs of the program should be itemized clearly so that the Board's office can evaluate the financial base for the program. As a general principle,
the System would not expect to invest more in the overseas program than it would invest in providing an equal number of credit hours on the campus.

8. **Cooperative Features.** In planning foreign education programs, the possibilities of cooperative arrangements within the System should not be overlooked. An institution that does not have the faculty or student resources to offer a high-quality overseas foreign study program for its own students, exclusively, may nonetheless make significant contributions to a cooperative program, thereby both contributing to the strength of the program and obtaining the benefits of foreign study experience for its own campus.

9. **Periodic Formal Evaluation of the Program.** It is important that there be periodic formal evaluation of a program that continues over an extended period of time in order to verify adherence to the objectives of the program and the principles here set forth, as well as to ascertain whether management and administration meet acceptable criteria.

**Staff Considerations**

1. **Staff Should Be Selected for Competence in Program to Be Offered.** Careful selection of foreign study faculty and staff is essential. Designation of campus personnel for overseas assignment should be strictly on the basis of academic competence and/or managerial ability. It should not be influenced by the desire either to reward or temporarily to dispose of staff members.

2. **Staff Members on Foreign Study Assignments Ought Not To Suffer Discrimination.** Staff members serving in foreign study assignments offered by the institution should suffer no discrimination. They should be paid salaries comparable to those on the campus and should share in any pay increases occurring during their foreign assignment. Overseas time should be counted in the normal manner for such items as tenure and sabbatical leave.

**Student Considerations**

1. **Optimum Time for Foreign Study Experience.** The optimum period in the student’s academic career for foreign study experience will vary with the program and the individual student. Involvement of freshmen in foreign study programs presents special problems calling for especial care in the selection of participants.

2. **Screening of Students.** Before admission, applicants should be carefully considered to insure that the program will be in their best interests. Students should be screened not alone on the basis of academic standing but also with respect to seriousness of purpose, emotional stability, and the capacity to cope with greater individual freedom in a strange environment.
3. **Orientation of Students.** Thorough orientation of accepted students should be provided for. This should include intensive instruction in the history, culture, mores and, in case of some types of programs, the language of the country concerned for those students with inadequate language facility. Orientation should commence before or immediately upon arrival at the foreign study center. The students should be given a clear understanding of the relevance of the program's objectives to the overall curriculum of the home institution.

4. **Housing.** Group housing is preferred for many types of programs. When the character of the program or other relevant factors suggest or dictate that students be housed individually or in small groups in community dormitories, private apartments, or private homes, the arrangements should be carefully and closely regulated.

5. **Health and Safety.** The health and safety of students in foreign study programs sponsored by System institutions must necessarily be a continuing concern of the institutions. Health and accident insurance should be included as a part of the total package plan for the programs, or students should be advised to take insurance of their choosing. The program plan should specify the nature of the provisions for such coverage.

**Financial Considerations**

It is essential that proposed foreign study programs sponsored by System institutions individually or jointly be fiscally sound. As a basis for assessing fiscal soundness of proposed programs, the budget officer for the System has prepared two forms with appropriate notes relating thereto, which are to be used to report the fiscal facts relating to each foreign study program each year the program is to be offered. These forms should be filled out each year for each foreign study program it is proposed be offered in that year and forwarded to the Vice Chancellor for Academic Affairs, together with a full description of the proposed program, not later than April 14, of the year preceding the year for which the program is being proposed. Foreign study programs that have been approved by the Board's office (Vice Chancellor for Academic Affairs) once need not be described again in detail for the Board's office if they are continued in subsequent years. Only proposed changes in the program need be reported. But a budgetary statement must be submitted for approval each year by April 14, preceding the year for which program authorization is being sought.
HEARING OFFICERS, APPOINTMENT OF

(Adopted by the Oregon State Board of Higher Education, Meeting #519, December 14, 1984, p. 635)

Should the president of the Board or the Chancellor believe that the interest of the Board would be served by having a hearing concerning the adoption, amendment, or repeal of an Administrative Rule conducted by a presiding officer instead of by the full Board, the one shall consult the other. If the president so authorizes, either of them may appoint a presiding officer to conduct the hearing. The presiding officer so designated shall conduct the hearing in accordance with the Attorney General's Model Rules of Procedure, Section 137-01-030. A report of the testimony and exhibits presented at the hearing shall be made to the Board at the time the matter is presented to the Board for action.
HONORARY DEGREES

(Adopted by the Oregon State Board of Higher Education, Meeting #109, January 28, 1941, p. 8; amended Meeting #520, January 18, 1985, pp. 7-8; amended Meeting #845, March 4, 2011)

1. Each institution, with concurrence of its faculty, may decide to award honorary degrees.

2. An institution wishing to award honorary degrees shall adopt criteria and procedures for selection that will assure that the award will honor outstanding contribution to the institution, state, or society or distinguished achievement.
HOUSING FOR PRESIDENTS AND CHANCELLOR


Presidents of the institutions and the Chancellor are required to reside in state-owned or approved housing.
INSTRUCTIONAL AND RESEARCH COMPUTING, PRIORITIES FOR

(Adopted by the Oregon State Board of Higher Education, Meeting #509, February 24, 1984, pp. 51-52.)

The Board approved guidelines to the staff and the institutions in preparing an institutional and then a System plan for implementation of the Board’s objectives for instructional and research computing.

1. The System shall develop a plan that is designed to place it at a competitive level of computing support to instruction.

2. Each department, school, or college at each institution in the System should develop and maintain a definition of functional computer literacy specifically tailored to its program needs and an implementation plan for integrating the necessary resources and instruction into its coursework.

3. Until entering students have achieved basic computer literacy, institutions should provide such instruction as their priorities dictate, but only from existing or reallocated resources.

4. Institutions should carefully consider computing support needs, both acquisition and ongoing costs such as maintenance when reviewing their research programs.

5. Baccalaureate computer science programs should be maintained at every System multipurpose institution at a sufficient "critical mass" of students to maintain the quality of the programs. Graduate and research programs should be enhanced at selected institutions as approved by the Board.

6. A minor program in computer science should be available at every System multipurpose institution.

7. The development of basic computer literacy on the part of the faculty should be considered an aspect of keeping professionally current and is thus a faculty responsibility.

8. Institutions should encourage, to the extent possible, faculty development of functional computer literacy by including equipment acquisition for faculty use in institutional plans and encouraging faculty to use traditional development paths, such as conferences and sabbaticals, to acquire computer expertise.
9. Institutions should actively examine the use of existing faculty from other fields to teach computer science and should encourage individuals from high technology industries to become adjunct faculty.

8. Institutional computing plans should include a program for the improvement of classroom teaching using new technology.
INTERCOLLEGIATE ATHLETICS, STATEMENT REGARDING

(A policy regarding the role of athletics, categories of activities, code of ethics, and equal opportunity was adopted by the Oregon State Board of Higher Education, Meeting #479, September 11, 1981, pp. 509-513. The following policy statement was adopted at Meeting #542, November 21, 1986, pp. 531-532.)

Recent public discussion regarding the role and status of intercollegiate athletics prompts the Board of Higher Education to issue the following statement:

The Oregon State Board of Higher Education reaffirms its commitment to intercollegiate athletics as an integral component of the total educational offerings of our state colleges and universities. The Board also reaffirms its Policy for Intercollegiate Athletics adopted in March 1983 and set forth in Section 8 of the Internal Management Directives.

With respect to institutions competing on the NCAA Division I level, the Board recognizes the benefits of affiliation with the Pacific 10 (PAC-10) Conference and is strongly committed to continue the relationship.

Consistent with its adopted policy, the Board believes that football and men's basketball at the Division I level should be self-supporting financially. Conversely, funds generated by those sports should be utilized to the extent reasonably practical to keep them competitive at the PAC-10 level.

Other sports at NCAA institutions and all sports at NAIA institutions should be supported to insure opportunities for widespread student participation. The Board strongly believes that funding for a sound and exemplary sports program for male and female students should not be solely dependent upon or primarily related to revenue generated by football and basketball.

The Chancellor and his staff are directed to prepare financing alternatives for consideration by the Board at its January 1987 meeting. (Presentation of the alternatives was deferred until the July 1987 Board meeting. Action taken at that time is included in this compilation of Board policies under the title "Fiscal Policies for Intercollegiate Athletics.")
INTERNAL BANK

(Adopted by the Board at Meeting #836, March 1, 2010; amended, Meeting #843, October 8, 2010)

In order to more efficiently and effectively carry out the treasury management function within the Oregon University System (System), the Board has established within the Chancellor’s Office an internal bank. The internal bank will operate in perpetuity and will integrate the three primary functions of treasury management within the System: limited term investment management (the management of non-endowment investment assets), debt management (both short- and long-term) and cash management (transaction and process management). In order to effectively integrate these functions, the following policies are established:

- The cash balances (limited term assets) of each institution and the Chancellor’s Office are pooled for investment purposes and the internal bank is charged with the responsibility to manage the processing and investment of those funds to maximize investment returns within a prudent level of risk while assuring necessary liquidity.

- Financing necessary for approved System capital purchases (including lease purchases) and capital construction projects that will be repaid by System-generated resources (tuition & fees and other self-generated revenues) is provided by the internal bank to System institutions through a central loan program.

- The System’s Article XI-F(1) debt is managed in a portfolio approach and the internal bank is charged with the responsibility to manage the System’s XI-F(1) debt portfolio to minimize the System’s cost of capital within a prudent level of risk.

The purpose of the Internal Bank is to facilitate the long-term financial stability of the System through effective asset/liability management strategies and optimizing the organization’s capacity to access the capital markets in the amounts needed at a reasonable price.

The operation of the internal bank will comply with all applicable federal and state statutes, rules and policies. Accordingly, the internal bank will coordinate and cooperate with the Oregon State Treasury and the Department of Administrative Services in making investment and debt financing decisions.
PRINCIPLES/GUIDELINES/PROCEDURES

Management of the Internal Bank
The Internal Bank will be managed by the Director of Treasury Operations who will report to the Vice Chancellor for Finance and Administration through the Associate Vice Chancellor for Finance and Administration and Controller. The Director will employ a staff to provide the services that align with the goals of the Internal Bank, including other related services that the campuses desire to purchase from the internal bank. Payment for management of the activities of the Internal Bank will be paid out of the Internal Bank’s income, generated by interest rate spreads, service fees, and by moneys so appropriated by the State Legislature. Payment for specific services that are provided by the Internal Bank on an institution by institution basis, such as bank account reconciliation services, will be paid by each institution separately.

The Director of Treasury Operations will be responsible for:

- Establishing the internal deposit interest rate
- Establishing the internal lending rate
- Establishing and maintaining the internal lending program
- Management of the System’s operating asset investment and long-term debt portfolios
- Developing and maintaining related internal control processes and procedures
- Accounting for the operation of the Internal Bank
- Developing financial and other performance monitoring reports
- Developing and implementing operating policies and procedures
- Developing and managing the annual operating budget of the Internal Bank
- Maintaining access to adequate liquidity sources to meet the needs of the System and its universities

The Director of Treasury Operations, in coordination with the State Treasurer’s Office will contract with a professional financial advisory firm to assist with the management of the investment and debt portfolio as appropriate and bond counsel to assist with the management of the debt portfolio.

At least quarterly, the Director of Treasury Operations will report to the Internal Bank Oversight Committee (see below) on the financial and operating performance of the Internal Bank. These reports would include the operating budget, financial statements and any other performance reports needed to evaluate the Internal Bank’s financial performance and the achievement of its long-term goals.
**Transactions Undertaken by the Internal Bank**

The Director of Treasury Operations will make recommendation to the Board’s Finance and Administration Committee regarding the following transactions of the Internal Bank:

1. Investments of operating assets that fall outside the parameters of the Board-approved operating funds management policy or related policies
2. Issuances of debt including:
   a. Commercial paper for XI-F capital projects that have been approved for debt financing by the Legislature and OUS Board
   b. Long-term debt for XI-F capital projects that have been approved for debt financing by the Legislature and OUS Board
3. Transactions undertaken to manage the debt portfolio including:
   a. Refunding outstanding debt pursuant to the State Treasurer’s refunding guidelines
   b. Structural refinancing of the debt portfolio
   c. Issuances of derivative financial instruments, including interest rate swap agreements

Recommended investment and debt transactions that are approved by the Board may also need approval by the State Treasurer and/or the Department of Administrative Services.

**Deposit Interest Rate**

The Director of Treasury Operations, working with the Internal Bank Oversight Committee, will develop the policy that establishes the interest rate to be credited to institution accounts based on market conditions. The rate will be evaluated and adjusted as necessary.

**Internal Lending Rate**

Annually, the Director of Treasury Operations, working with the Internal Bank Oversight Committee, will establish the internal loan program interest rates. Different interest rates will be established for different internal loan durations. It is the goal and objective to establish those rates to remain in perpetuity. However, it is understood that, should the capital markets behave in an unanticipated manner and the reserves available to the Internal Bank are projected to become depleted or excessively large, the internal loan program interest rates may be modified on all internal loans outstanding, including loans that relate to financings undertaken before the establishment of the Internal Bank. This is critical to ensure that the interest rate adjustment is equitable across the System and is not unfairly applied to only the projects that were financed subsequent to the establishment of the Internal Bank.

**Internal Bank Reserves**

The Internal Bank may build and maintain an Interest Rate Reserve to hedge future volatility in the debt markets by charging a spread between the investment income generated on operating cash balances and the amount credited to institution accounts and/or by charging a spread between the internal lending rates charged for financing Board-approved self-supporting and self-liquidating projects and the blended cost of the outstanding debt portfolio. The Interest
Rate Reserves shall not be maintained at a level higher than needed to appropriately hedge future interest rate volatility. Should the Interest Rate Reserve exceed the necessary level, the internal deposit and/or lending rates may be adjusted either temporarily or permanently to reduce the reserve to the proper level. The Interest Rate Reserve may not be used for any other purpose without the approval of the Board’s Finance and Administration Committee.

The Finance and Administration Committee may establish additional reserves to be held by the Internal Bank that align with its goals and objectives. The purpose and uses of such reserves will be clearly delineated within this policy.

**Additional Policies to Guide and Control the Operation of the Internal Bank**

The policies that guide and control the operations of the bank and limit financial risk to the System include, but are not limited to:

- An operating funds management policy that provides guidance in the investment of the System’s operating assets and the management of the System’s liquidity
- A debt policy that provides guidance in the issuance of debt and the ongoing management of the debt portfolio of the System
- An interest rate risk policy that provides control over the types and nature of derivative financial instruments that may be utilized by the Internal Bank

These policies will be reviewed by the Board’s Finance and Administration Committee at least once every two years.

**Transparency and Accountability**

Transparency and accountability will be a key objective of the management and operation of the Internal Bank. All income and expenses of the Internal Bank will be reported to the Internal Bank Oversight Committee via periodic financial statements. All investment and debt transactions and all internal lending transactions will be reported to the Internal Bank Oversight Committee, along with reports on the System’s risk position, hedging activities, and compliance with related policies.

**Internal Bank Oversight Committee**

To help ensure that the goals and objectives of the Internal Bank are being met and in order to foster accountability and transparency with respect to the activities of the Internal Bank, there is established an Internal Bank Oversight Committee (Oversight Committee). The Oversight Committee is made up of the Vice Presidents for Finance and Administration of each of the campuses, or his/her designee, and will be chaired by the Vice Chancellor for Finance and Administration. The role of the Oversight Committee is to review and evaluate the financial and operating performance of the Internal Bank and to work with the Director of Treasury Operations to establish:

- Deposit and internal loan interest rates and related policies,
- Fees and related policies,
- Operating policies for the Internal Bank, and
- The operating budget of the Internal Bank.
Meetings of the Oversight Committee will be held at least quarterly, at which time the Director of Treasury Operations will present the operating budget, financial statements and any other performance reports needed to evaluate the Internal Bank’s financial performance and the achievement of its long-term goals.

The role of the Oversight Committee does not include the approval of individual campus capital projects. That role remains the sole purview of the Board.

Policy Conflicts
The provisions of this policy will supersede conflicting policy provisions in other Internal Management Directives, Board policies, and/or other fiscal policies.
INTERNAL CONTROLS

(Approved by the Finance and Administration Committee, December 16, 2011; adopted by the Board at Meeting #855, March 3, 2012)

POLICY/PURPOSE
The Oregon University System (System) shall establish and maintain an effective system of internal controls. Internal controls are designed to assure that the System, its universities, and the Chancellor's Office meet their mission, promote performance leading to effective accomplishment of objectives and goals, safeguard assets, provide accurate and reliable financial and other key data, promote operational efficiency and economy, and encourage adherence to applicable laws, regulations and prescribed management policies and practices. The control model for the System is the Integrated Framework of Internal Control as promulgated by the congressionally established Committee of Sponsoring Organizations (COSO).

GUIDING PRINCIPLES
The System's internal control and risk assessment practices shall help ensure that:

(1) Chancellor’s Office and university activities and operations function effectively and efficiently;

(2) Chancellor’s Office and university activities and operations comply with laws, regulations, and System policies and standards;

(3) Chancellor’s Office and university processes result in accurate and reliable financial information and reports;

(4) Chancellor’s Office and university resources are adequately protected;

(5) All material risks facing the Chancellor’s Office and each university, including, but not limited to, strategic, operational, financial, compliance, and reputational, are routinely identified and assessed, and appropriately managed;

(6) Control activities and other mechanisms are proactively designed to address and manage significant risks;

(7) Information critical to identifying risks and meeting the Chancellor’s Office’s and each university’s mission and strategic objectives is communicated through established channels throughout the System; and

(8) Controls are monitored and identified problems are addressed in a timely manner.

POLICY RATIONALE
This policy is intended to ensure that the Chancellor’s Office and each System university has a system of accountability for and oversight of its operations and to assist the Chancellor’s Office and universities in reaching their goals and meeting their objectives.
KNOWLEDGE OF THIS POLICY
All System personnel

DEFINITIONS

Internal Control
A process, affected by the Board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

The components of internal control are:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Control Environment
The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors.

Risk Assessment
Every entity faces a variety of risks from external and internal sources that must be assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent. Risk assessment is the identification and analysis of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory, and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change.

Control Activities
Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations,
Interna} Controls
verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Information and Communication
Pertinent information must be identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. Information systems produce reports, containing operational, financial, and compliance-related information, that make it possible to run and control the business. They deal not only with internally generated data, but also information about external events, activities, and conditions necessary to informed business decision-making and external reporting. Effective communication also must occur in a broader sense, flowing down, across, and up the organization. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system, as well as how individual activities relate to the work of others. They must have a means of communicating significant information upstream. There also needs to be effective communication with external parties, such as customers, suppliers, regulators, and shareholders.

Monitoring
Internal control systems need to be monitored—a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the Board.

RESPONSIBILITIES
A. Chancellor
The Chancellor, through directed leadership, shared values, and a culture that emphasizes accountability, is responsible for ensuring that an effective Systemwide internal control system is established and maintained for the Systemwide operations of the Chancellor's Office. Similarly, the Chancellor is also responsible for ensuring that such a system is established and maintained in the Chancellor's Office. Notwithstanding any delegation made by the Chancellor to administer this policy, the Chancellor shall be responsible to the Board for the faithful execution of this policy, consistent with the other policies of the Board and applicable law.

B. University Presidents
Each university president, through directed leadership, shared values, and a culture that emphasizes accountability, is responsible for ensuring that an effective internal control system is established and maintained for his/her university. Notwithstanding any delegation made by the president to administer this policy, the president shall be responsible to the Board for the faithful execution of this policy, consistent with the other policies of the Board and applicable law.
POLICY PROVISIONS
A. Internal Control System Elements

The internal control system at all System universities and the Chancellor's Office shall be developed using the COSO model that includes the following elements:
- Control Environment
- Risk Assessment
- Control Activities
- Information and communication
- Monitoring

B. Chancellor's Office Participation in Recruitments for Certain University Administrators Responsible for Internal Controls and Financial Management

In order to enable the Chancellor's Office to establish and maintain an effective internal control system over its Systemwide operations, as well as carry out its Systemwide management and oversight responsibilities, Chancellor's Office finance and administration personnel will participate in the recruitment process for the following key university management positions:
- Vice President for Finance and Administration
- Associate/Assistant Vice President for Finance and Administration
- Director of Budgets/Chief Budget Officer
- Director of Business Affairs/Controller

These positions have a responsibility both to their university's President and to the Chancellor and Board with respect to the establishment and maintenance of the internal control system and to the financial management of their university. The participation by the Chancellor's Office in these recruitments will focus primarily on whether the candidates for these offices possess the appropriate education/credentials, experience, knowledge, and skills to be successful in the position.
INTEREST RATE RISK MANAGEMENT

(Adopted by the Board at Meeting #843, March 1, 2010)

I. Overview

The Oregon University System (System) maintains a Debt Policy which sets forth guidelines on the authorization and management of debt. The System manages its debt issued under Article XI-F(1) of the Oregon Constitution (XI-F debt) on a consolidated, portfolio basis and makes debt management decisions to achieve the lowest cost of debt capital and maximize its portfolio objectives. The nature of managing debt as a portfolio implies that there may be a mismatch of the specific terms on either side of the balance sheet. These mismatches may include maturity, payment schedule, interest rate, etc. These mismatches cause interest rate risk that may affect cash flow or the value of the underlying debt and corresponding loan. The use of derivatives can play a key role in managing the interest rate risk associated with the System’s debt portfolio and other managed portfolios.

In certain circumstances, derivatives are an effective way for the System to adjust its mix of fixed- and floating-rate debt and manage interest rate exposures. Derivatives may also be an effective way to manage liquidity risks. The System’s philosophy is to use derivatives strategically to achieve asset and liability portfolio objectives and hedge existing exposures. Derivatives will not be used to create leverage or to speculate on the movement of interest rates.

II. Scope

The Interest Rate Risk Management Policy applies to any derivatives used for the purpose of hedging interest rate exposures. This policy does not apply to derivatives used by the State Treasurer’s office in its management of the System’s endowment and assets of any System university-related foundations.

Additionally, any decisions made regarding the use of derivatives must take into consideration the resulting impact under the System’s Debt Policy.

III. Objectives

This policy is intended to:

(i) Outline the System’s philosophy on derivatives
(ii) Provide guidelines on the use of derivatives
(iii) Identify approved derivative instruments
(iv) Establish a control framework related to the use of derivatives
The System views derivatives as a tool to achieve its asset and liability management objectives. As a result, it is the System’s philosophy to use derivatives strategically in support of this cause. It is also the System’s philosophy to not use derivatives to create leverage or speculate on interest rate movements. The System recognizes that the prudent and selective use of derivatives may help it to lower its cost of debt capital and manage its interest rate exposure.

This policy provides guidelines on the use of derivatives including the circumstances under which they may be used and the factors that are considered in deciding whether to use them. Derivatives may be used to achieve the following objectives:

(i) Reduce the cost for debt financing when compared to conventional debt structures
(ii) Manage interest rate volatility
(iii) Manage fixed- and variable-rate debt mix
(iv) Help match the cash flows from assets with those from liabilities
(v) Hedge future debt issues or synthetically advance refund bonds

The policy also outlines a control framework to ensure that an appropriate discipline is in place regarding the use of derivatives. Controls exist to address both operational risks and exposure risks.

IV. Oversight

The Vice Chancellor for Finance and Administration (VCFA) is responsible for coordination with Oregon State Treasury in implementing this policy and for all interest rate risk management activities of the System. The policy and any subsequent, material changes to the policy are approved by the Board’s Finance and Administration Committee (F&A Committee).

The VCFA provides oversight and monitors all derivative transactions. The Director of Treasury Operations reports on all derivative transaction, at least quarterly, to the Internal Bank Oversight Committee (Oversight Committee) and at least annually to the Chancellor and the F&A Committee on the System’s outstanding derivatives.

V. Derivative Use Guidelines

The System may use derivatives to achieve a lower cost of debt funding, manage its exposure to interest rate volatility, and/or match the timing and nature of cash flows associated with its assets and liabilities. The System may accomplish this by hedging the interest rate volatility of projected debt issuances or by using derivatives to adjust its exposure to variable interest rates.

To determine its portfolio exposure, the System looks at the composition of its outstanding assets and liabilities (adjusted for any hedges) and the change in this composition over a predetermined planning horizon. Taking into account the potential for future uncertainty, the
System determines what, if any, action should be taken to keep its portfolio exposures at desirable levels over this period.

In determining when to hedge, the System monitors its interest rate exposure, the capital markets, and its future funding and liquidity requirements. Special attention is paid to the relative level of interest rates, the shape of the yield curve, and signals of interest rate increases or decreases from the Federal Reserve.

The System analyzes and quantifies the cost/benefit of any derivative instrument relative to achieving desirable long-term capital structure objectives. Before entering into a derivative, the System evaluates its risks including, but not limited to: tax risk, interest rate risk, liquidity risk, credit risk, basis risk, rollover risk, termination risk, counterparty risk, and amortization risk.

When evaluating its hedging options, the System generally prefers the lowest cost, most liquid, and most flexible hedging strategy available. In instances where no one hedging strategy meets all these needs, the System prioritizes these requirements to decide on an optimal strategy.

At their inception, derivatives are chosen to closely match the exposures being hedged. As time passes, the System's debt management objectives may change and any decisions will be made with the best information available at that time regardless of hedges that may be in place. For instance, the System may use derivatives to hedge future interest rates associated with a fixed-rate bond issuance. If at the time of issuance it is deemed more beneficial to issue floating-rate bonds, then the System will not let its past hedging decisions constrain its current bond issuance decisions.

In addition, management discloses the impact of all derivatives on the System's financial statements per GASB requirements and includes their effects in calculating the financial ratios identified in the System's Debt Policy.

The Oversight Committee will set acceptable risk tolerances for each portfolio, which will determine whether adequate hedging has occurred.

VI. Allowable Derivative Instruments

The System recognizes that there are numerous derivatives of varying degrees of complexity. The System attempts to avoid structural complexity in its use of derivatives and believes the following instruments, used alone or in combination with each other, allow for sufficient flexibility to help the System meet its interest rate risk management objectives.

Interest Rate Swaps—Swaps are contracts to exchange payments based on different interest rate indices, generally with one such index based on interest rates that are fixed at a specific rate for the term of the contract and the other based on interest rates that are to be adjusted from time to time throughout the term of the contract. The System may utilize these contracts
to change its mix of fixed rates and floating rates to achieve optimal asset-liability balance. They may also be used as a means to hedge future variable rate financings.

Interest Rate Call or Put Options — An option gives the holder a right, but not an obligation, to buy or sell a security at or by a specified date(s) at an agreed upon price in exchange for the payment of a premium. Interest rate options, typically in the form of interest rate caps and/or floors, are designed to provide protection against interest rates being above a certain cap rate or below a certain floor rate. Options may be used when the purchaser faces an asymmetrical risk profile, for instance, the risk that interest rates may rise prior to a new debt issuance. Options to enter into swaps, or swaptions, give the buyer the right to enter into a swap as a fixed-rate or floating-rate payer depending on the buyer’s interest rate exposure.

The System will not sell options, except to the extent they are sold to better hedge an underlying exposure that contains an offsetting option position. For example, a bond with a call option held by the System may be hedged better by entering into a derivative with an offsetting sold call option.

Interest Rate Locks — A rate lock is a forward contract that represents a sale of a specific benchmark security (e.g., U.S. Treasuries, LIBOR, or tax-exempt indices) or other appropriate benchmark security at an agreed price or interest rate. The System may utilize these contracts to help lock in a future financing rate.

Before entering into any derivative transaction, the System first gains a full understanding of the transaction and performs appropriate due diligence, such as (i) a quantification of potential risks and benefits, and (ii) an analysis of the impact on the System’s debt portfolio. The duration of each derivative may be different from the duration of the risk being offset.

VII. Policy Controls

The System has established both operating and exposure controls to address program risks.

Operating Controls

When utilizing derivatives, it is important for operating controls to be in place to provide for adequate segregation of duties and management oversight. The System has controls addressing trade initiation, approval, confirmation, and accounting.

Appendix A to this Policy lists the individuals who may enter into derivatives on behalf of the System. These individuals may not approve their own transactions, unless explicitly stated in Appendix A. Initiators may not confirm transactions with counterparties and may not enter the accounting related to a trade. These controls are in place to assure trades are fully disclosed, accounted for, and approved by appropriate parties.
Appendix A also contains a list of individuals with authority to approve transactions. In all instances, unless provided for in Appendix A, an approver may not also be the initiator for a specific transaction.

Confirmations serve the purpose of confirming the details of a trade as understood by the System and its counterparty. Trade confirmations are done by an individual who does not have authority to either initiate or approve transactions.

Transactions are recorded for accounting purposes by an individual who is neither the initiator nor the approver. This segregation helps to assure that trades are accounted for correctly and are recorded and valued correctly on an ongoing basis.

Exposure Controls
The System manages its derivatives exposure by looking at its derivatives portfolio independently and also in the context of its overall asset and liability portfolios. Prior to entering into a derivative transaction, the System will examine the impact of such trade independently and on the asset and liability portfolios as a whole. The System will also coordinate this review with the financial advisor contracted by the State Treasurer pursuant ORS 286A.132(a).

All derivatives will be monitored by the State Treasurer’s financial advisor to provide valuations of the derivatives and monitor compliance with the terms and conditions of the derivative contract.

Appendix B to the policy establishes limits related to counterparty credit ratings, and the maximum allowable percentage of floating rate debt.

Exposure controls are in place to limit the System’s exposure to the various market risks associated with derivatives.
Appendix A

OPERATING CONTROLS

Authorized Initiators — The individuals holding the following positions are hereby authorized to initiate interest rate derivative transactions on behalf of the System:

- Chancellor
- Vice Chancellor for Finance and Administration
- Associate Vice Chancellor for Finance and Administration and Controller
- Director of Treasury Operations

Approval — All interest rate derivative transactions on behalf of the System must be approved by both:

- The Board’s Finance and Administration Committee, and
- The Director of Debt Management, Oregon State Treasury
Appendix B

EXPOSURE CONTROLS

Maximum Percentage of Floating Rate Debt — The System's outstanding debt portfolio will have no more than 20 percent of the principal amount in floating rate debt, as described in its Debt Policy. This percentage is calculated to factor in the effects of interest rate derivatives.

Counterparty Credit Exposure — All derivative counterparties will be rated A3 or better by Moody’s and A— or better by Standard & Poors. The maximum allowable credit exposure, determined by the net mark-to-market of all trades with a single counterparty, will be $25 million for counterparties rated Aa2/AA or better and $10 million for counterparties rated less than Aa2/AA.

The System may take steps to reduce its exposure to a counterparty by either (i) requiring the counterparty to post collateral in the full amount of the exposure (all the while abiding by the terms of any Credit Support Annex between the System and the counterparty), (ii) terminating all or a portion of its outstanding contract(s) with the counterparty, or (iii) requiring the counterparty to obtain swap insurance or provide another form of third-party security agreeable to the System.

The System will also strive to limit counterparty exposure to no more than $100 million per notional amount with the strategy of diversifying the use of counterparties. In determining counterparty credit exposure, the System will also consider the counterparty’s credit exposure to other System related organizations (e.g., related university foundations.)

Measuring Exposure — The internal bank will compute the overall interest rate risk exposure faced by the internal bank within 90 days after each debt issuance and no less frequently than once per year. The internal bank may use its own computational models to compute this risk or contract with a third party to supply this information.
INVESTMENT POLICY, OUS POOLED ENDOWMENT FUND

(Adopted by the Oregon State Board of Higher Education, Meeting #651, April 19, 1996, pp. 110-116. Amendments made at Meeting #685, October 21, 1999, pp. 280-306; Meeting #690, June 16, 2000, p. 53; Meeting #697, June 8, 2001, pp. 34-35; Meeting #699, October 19, 2001, pp. 60-61; Meeting #709, October 18, 2002, pp. 96.)

OREGON UNIVERSITY SYSTEM POOLED ENDOWMENT FUND

Investment Objectives and Policy Guidelines

I. INTRODUCTION

This statement governs the investment of the Pooled Endowment Fund (the "Fund") of the Oregon State Board of Higher Education (the "Board") of the Oregon University System ("OUS").

This statement is set forth in order that the Board, the Investment Committee, its investment advisor and its investment managers and others entitled to such information may be made aware of the Policy of the Fund with regard to the investment of its assets. This statement of investment policy is set forth in order that:

1. There will be a clear understanding by the Board, Investment Committee, and staff, of the investment goals and objectives of the portfolio.

2. The Board and management have a basis for evaluation of the investment managers.

3. The investment managers be given guidance and limitations on investing the funds.

It is intended that these objectives be sufficiently specific to be meaningful but flexible enough to be practical. It is expected that the policy and objectives will be amended from time to time to reflect the changing needs of the endowment; however, all modifications will be in writing and approved by the Board.

II. OREGON UNIVERSITY SYSTEM POOLED ENDOWMENT FUND

The Oregon University System Pooled Endowment Fund (Fund) is a permanent fund and is expected to operate in perpetuity, so these funds will be invested long-term. It is important to follow coordinated policies regarding spending and investments to protect the principal of the funds and produce reasonable total return.
III. RESPONSIBILITY OF THE BOARD

The responsibility of the Board is to define and to recommend to the OIC broad investment guidelines, selection of investment managers, and determination or approval of asset allocation.

IV. INVESTMENT COMMITTEE RESPONSIBILITY

The Investment Committee serves as advisory to the Board and will have the responsibility and authority to oversee the investments of the Fund. The Investment Committee will recommend to the Board a specific asset mix reflecting judgments as to the investment environment as well as the specific needs of the Fund. Other advisory responsibilities of the Investment Committee will include:

- Recommending professional investment managers.
- Negotiating and/or monitoring Fund investment expenses.
- Monitoring the investments on an ongoing basis.
- Assuring proper custody of the investments.
- Reporting to the Board on a quarterly basis the Fund’s investment results, its composition, and other information the Board may request.
- Recommend to the Board the goal for maintaining purchasing power.
- Recommend distribution per unit to the Board.
- To assist in this process, the Board may retain a registered investment advisor/consultant. The duties of this investment advisor/consultant are described in Section X.

V. SPENDING POLICY

The amount of endowment return available for spending (distribution) is based on a percentage of the average unit market value of the 20 quarters preceding the current fiscal year. The distribution per unit (under Exhibit A) is determined by the Board as recommended by the Investment Committee. The distribution amount per unit is multiplied by the current number of units and any additional units added during the current year as new endowment money comes into the Fund. This shall be exclusive of investment management fees.

VI. INVESTMENT POLICY GUIDELINES

The Board does not expect the Investment Committee to be reactive to short-term investment developments, recognizing that the needs for payout are long-term and that investment competence must be measured over a meaningful period of time. While the quantitative assessment of managerial competence will be measured over a complete market cycle, the Board anticipates that the Investment Committee will make interim qualitative judgments. Specific qualitative factors which will be reviewed by the Investment Committee on an ongoing
basis include any fundamental changes in the manager’s investment philosophy, any changes in the manager’s organizational structure, financial condition and personnel, and any change, relative to their peers, in the manager’s fee structure.

A. Asset Allocation

The most important component of an investment strategy is the asset mix, or the resource allocation among the various classes of securities available to the Fund. The Investment Committee will be responsible for target and actual asset allocation for the investments that will best meet the needs of the Fund, taking into consideration the appropriate level of portfolio volatility.

The risk/return profile shall be maintained by describing a long-term “target” strategic asset allocation and is set forth in Schedule I of this Policy.

B. Investment Time Horizon

In making investment strategy decisions for the Fund, the focus shall be on a long-term investment time horizon that encompasses a complete business cycle (usually three to five years). Interim evaluation will be required if a significant change in fees, manager personnel, strategy or manager ownership occurs.

C. Statement of Derivatives Policy

A derivative is defined as a contract or security whose value is based on the performance of an underlying financial asset, index, or other investment. An investment manager shall not use derivatives to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. Moreover, an investment manager will not use derivatives to acquire exposure to changes in the value of assets indices that, by themselves, would not be purchased for the portfolio. Under no circumstances will an investment manager undertake an investment that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed limits specified above. The investment manager will report on the use of derivatives on a quarterly basis to the administrative manager.

VII. PRUDENCE, RESPONSIBILITIES, AND CONTROLS

A. Prudence

All participants in the investment process shall act responsibly. The standard of prudence to be applied by the Board, Investment Committee, OUS staff responsible for the management of investments, and external service providers shall be the “prudent investor” rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence
exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

B. Ethics and Conflicts of Interest

Board members, Investment Committee members, OUS staff responsible for the management of investments, managers and advisors involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. These parties are required to reveal all relationships that could create or appear to create a conflict of interest in their unbiased involvement in the investment process.

VIII. INVESTMENT OBJECTIVES

The investment objective of the Fund is to seek consistency of investment return with emphasis on capital appreciation over long periods of time, since the Fund will operate in perpetuity. In keeping with the performance goals included in the Policy, achievement of this objective shall be done in a manner that maintains the purchasing power of the principal. The Investment Committee shall set the goal for maintaining the purchasing power of the principal value of the assets (under Exhibit A).

IX. MANAGER(S) RESPONSIBILITIES

A. Legal Compliance
The investment manager(s) is responsible for strict compliance with the provisions of the prudent investor rule as it pertains to their duties and responsibilities as fiduciaries.

B. Evaluation Timetable
The manager(s) will be expected to provide to the OIC, State Treasurer's Office, Board, Investment Committee and their investment advisor/consultant on a timely basis each quarter such data as is required for proper monitoring. In addition, the manager(s) will provide to the investment advisor/consultant transaction registers and portfolio valuations, including cost and market data on a monthly basis.

C. Authority of Investment Manager(s) in the Managed Accounts
Subject to the terms and conditions of this Policy, manager(s) shall have full discretionary authority to direct investment, exchange, and liquidation of the assets of the managed accounts. The Investment Committee expects that the investment manager(s) will recommend changes to this Policy when the manager(s) views any part of this Policy to be at variance with overall market, economic conditions, and relevant investment policies.
The Investment Committee directs all managers to vote proxies and to vote them in the best interest of the Fund. The managers will report to the Investment Committee and their investment advisor/consultant at least annually as to how proxies were voted.

Each investment manager is required to meet with the Investment Committee and their investment advisor/consultant at least annually to review:

- The investment forecast for the following year.
- The effect of that outlook on the attainment of the Fund objectives.
- The manager's actual results for the preceding forecast period compared to the previously established return goal for the reporting period.
- The Investment Policy, Guidelines, and Objectives of the Fund. If it is felt by the investment manager that the Policy is too restrictive or should be amended in any way, written notification must be communicated immediately.

X. INVESTMENT ADVISOR/CONSULTANT RESPONSIBILITIES

Investment results will be monitored by an independent consulting organization, under contract by the Board, on a regular basis and reported to the Investment Committee as soon as practicable after each calendar quarter. A representative of the investment advisor/consultant shall meet with the Investment Committee to review for each manager (i) its past performance, (ii) compliance with the Investment Policy, Guidelines and Objectives of the Fund, including but not limited to asset allocation, actual return, and comparative return in relation to applicable index (indices) and to a universe of comparable funds, (iii) risk profile, (iv) ability of manager to fulfill the stated objectives of the funds, and (v) any other material matter. A representative of the investment advisor/consultant shall also report investment results, or other information, to the Board, OIC and others, as requested by the Investment Committee. Any noncompliance with the Investment Policy, Guidelines and Objectives of the Fund or other section of this statement discovered by the investment advisor/consultant will be reported to the Investment Committee immediately.

XI. INVESTMENT GUIDELINES

A. The Fund shall maintain minimal cash, consistent with short-term requirements. Short-term cash will be invested in the Oregon State Treasurer’s Short-Term Investment Pool.

B. Fixed-income securities, for purposes of these guidelines, shall mean mortgage-backed securities, U.S. government securities, investment-grade corporate bonds, and other fixed income securities, such as certificates of deposit and commercial paper. The objective of this component of the Fund is to preserve capital in keeping with prudent levels of risk, through a combination of income and capital appreciation. Realization of income will be subordinate to safety, liquidity, and marketability (securities should be
readily marketable). This component of the Fund shall adhere to the following categories:

1. Average credit quality shall be A or better.

2. With the exception of U.S. Government and Agency issues, no more than 10 percent of the bond portfolio at market will be invested in the securities of a single issuer or 5 percent of the individual issue.

3. There shall be a maximum limitation on below investment grade bonds of 15 percent of the bond portfolio.

4. There shall be a maximum limitation on non-U.S. bonds of 20 percent of the bond portfolio.

Fixed-income managers have full discretion over the allocation between long-term, intermediate, or cash equivalent investments.

C. Equity securities are to be made primarily in well-established, quality companies. The objective specific to this component of the Fund is to maximize long-term total return through a combination of income and capital appreciation. The restrictions pertinent to this portion of the Fund are as follows:

Large-Cap Equity Requirements:
Not more than ten percent of the companies invested in should have market capitalizations less than $1 billion (subject to the large-cap equity limitations of Schedule I). Portfolios should be comprised of at least 30 security issues.

Small/Mid Cap Equity Requirements:
Investments in small and mid cap companies with market capitalization similar to the Russell 2500 index (subject to the small/mid cap equity limitations of Schedule I). Portfolios should be comprised of at least 30 security issues.

International Equity Requirements:
Investments in the equity securities of companies located outside the United States are permitted (subject to the international equity limitations of Schedule I). Portfolios should be comprised of at least 30 security issues.

D. Diversification

1. Not more than 5 percent of the market value of any investment fund will be invested in any single issue, property, or security. This restriction does not apply to U.S. Government-issued securities.
2. No investment in any single issue, security, or property shall be greater than 5 percent of the total value of the issue, security, or property.

Performance expectations for each of the asset classes is described in Exhibit A.

XII. OTHER INVESTMENTS

The Board and the Investment Committee recognize that the addition of other investment classes may reduce total fund volatility.

The Board and the Investment Committee may, with the concurrence of the OIC, place up to ten percent of the aggregate Fund assets in venture capital, real estate, distressed securities, and oil and gas partnerships. This allocation is to provide for portfolio diversification.

XIII. OTHER GUIDELINES AND REQUIREMENTS

Custodial responsibility for all securities is to be determined by the Board or its designee(s).

XIV. CONCLUSION

Implementation of this Policy, including investment manager selection, shall be the responsibility of the Investment Committee, subject to the necessary approvals of the Board and the OIC.

This Policy shall be reviewed by the Board at least every two years.
SCHEDULE I

ALLOCATION OF ASSETS

The following represents target asset allocations and the ranges by asset category.

Allocation of asset by class:

<table>
<thead>
<tr>
<th>Class</th>
<th>Target Allocation</th>
<th>Ranges</th>
<th>Policy Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Category</td>
<td>70%</td>
<td>60%-80%</td>
<td></td>
</tr>
<tr>
<td>Fixed Income Category</td>
<td>25%</td>
<td>20%-30%</td>
<td>Lehman Aggregate</td>
</tr>
<tr>
<td>Cash</td>
<td>5%</td>
<td>0%-10%</td>
<td>90 Day T-Bill</td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>0%</td>
<td>0%-10%</td>
<td></td>
</tr>
</tbody>
</table>

The allocation of equity assets shall be as follows:

<table>
<thead>
<tr>
<th>Class</th>
<th>Target Allocation</th>
<th>Ranges</th>
<th>Policy Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large-Cap Equity</td>
<td>65%</td>
<td>55%-75%</td>
<td>S &amp; P 500</td>
</tr>
<tr>
<td>Small/Mid Cap Equity</td>
<td>20%</td>
<td>15%-25%</td>
<td>Russell 2500</td>
</tr>
<tr>
<td>International Equity</td>
<td>15%</td>
<td>10%-20%</td>
<td>MSCI EAFE</td>
</tr>
</tbody>
</table>

The Target Allocation Policy benchmark is 59.5% Russell 3000 Index, 10.5% MSCI EAFE Index, 25.0% Lehman Aggregate and 5.0% 90 Day T-Bills.
Performance Monitoring Return Expectations

Spending Policy

The distribution rate for the Fund is 4.5 percent of the five-year moving average unit market value for FY 2000-01 and will decrease to 4.0 percent of the five-year moving average unit market value for FY 2001-02 and thereafter.

Total Fund

The total fund will be evaluated quarterly. Specific performance objectives include, but may not be limited to, the following:

1. Exceed the return of the Policy benchmark (Schedule I) by 0.50 percent (after fees) over a market cycle;
2. Exceed the level of inflation by 5.0 percent or more as measured by the Consumer Price Index (CPI) over a market cycle; and
3. Exceed the median fund in a universe of other endowments over a market cycle. A market cycle is defined as an investment period lasting three to five years.

U.S. Equities—Large Capitalization

Equity accounts will be evaluated quarterly. Specific performance objectives include, but may not be limited to, the following:

1. Exceed the return of the S&P 500 Index by 0.25 percent (after fees) over a market cycle; and
2. Rank at or above the median of a nationally recognized universe of equity managers possessing a similar style.

U.S. Equities—Small/Mid Capitalization

Small/Mid capitalization accounts will be evaluated quarterly. Specific performance objectives include, but may not be limited to, the following:

1. Exceed the return of the Russell 2500 (after fees) by 1.0 percent over a market cycle; and
2. Rank in the 40th percentile of a nationally recognized universe of small cap managers possessing a similar style.

International Equities

International equity accounts will be evaluated quarterly. Specific performance objectives include, but may not be limited to, the following:

1. Exceed the Return of the EAFE Index by 1.0 percent (after fees) over a market cycle; and
2. Rank in the 40th percentile of a nationally recognized universe of equity managers possessing a similar style.

Fixed Income

Fixed income accounts will be evaluated quarterly. Specific performance objectives include, but may not be limited to, the following:

1. Exceed the Return of the Lehman Aggregate Index 0.5 percent (after fees) over a market cycle; and
2. Rank in the 40th percentile of a nationally recognized universe of fixed income managers possessing a similar style.
JOINT CAMPUS PROGRAMS (FOR GRADUATE STUDENTS)

(Adopted by the Oregon State Board of Higher Education, Meeting #316, July 9, 1963, pp. 319-321.)

1. A registration procedure will be created that will encourage graduate students registered at either Oregon State University or the University of Oregon to take full advantage of the specialized graduate facilities and resources located on both campuses. Such graduate programs as would thus draw upon the resources of both campuses are hereafter referred to as "joint-campus" programs.

2. The following registration procedures are adopted for students participating in the "joint-campus" program, whether they are enrolling for all, or only a part of, their term's work on the "host" campus:

   a. The student and his regular advisor will plan the term's course program in the usual fashion drawing upon the resources of both the Corvallis and Eugene campuses, as to them seems useful.

   b. The student will register in the usual fashion on his "home" campus for all of the coursework to be taken on the Corvallis and Eugene campuses. He will list his "home" campus courses on his registration form by the prescribed prefix, number, and title indicated in the catalog, as usual; the courses to be taken on the "host" campus will be listed on the registration form as "JC 510" (for "joint-campus") followed by the initials of the "host" institution (OSU or UO) and the prefix, number and title of the course as listed in the "host" campus catalog.

   c. The fees paid by the student will be the same as if the courses were all being taken on the "home" campus. The student body card will be issued for the "host" campus.

   d. The instructor(s) on the "host" campus will receive from the registrar of the student's "home" campus a class registration card signifying that the student is a bona fide graduate student, duly and properly registered on the "home" campus for the specific course(s) in question.

   e. At the conclusion of the term, the instructor(s) on the "host" campus will complete the grade cards received from the "home" campus registrar and will return them to the "home" campus registrar.

   f. A record will be maintained of the number of such registrants and the courses taken on the "host" campus. If the instructional service provided by the two campuses, for the students they are asked to "host," does not balance out
reasonably evenly, necessary fiscal adjustments will be made between the two institutions, following a joint recommendation from the presidents of the two institutions to the Chancellor.

3. The registration procedure proposed above, or one equally effective, will be extended to other institutions of the System, wherever distance between campuses does not make such "joint-campus" programs infeasible.

4. It is understood that the "home" institution will grant any degree earned by a student taking advantage of the "joint-campus" program, and the degree will be a degree allocated to the "home" institution.
JOINT STATEMENT BY THE STATE BOARD OF EDUCATION AND THE STATE BOARD OF HIGHER EDUCATION (1978)

(Adopted by the Oregon State Board of Higher Education, Meeting #451, September 29, 1978, pp. 818-826.)

Coordination of Off-Campus Credit and Non-Credit Education and Articulation Among and Between Two- and Four-Year Colleges and Universities and Secondary Schools

August 1978

Sharing as we do responsibility for public post-high school education in Oregon and having shared interests in some aspects of education affecting public elementary and secondary education, the members of the State Board of Higher Education and the State Board of Education consider it essential that they be in continuing and close touch with each other on matters of mutual interest. There are several such matters, of which the subject of this present statement is one.

As the two Boards engage in joint consultations with respect to shared interests—which we anticipate doing more frequently than in the past—we believe that it may prove useful from time to time to summarize our views and to formalize them in statements such as this present one. As benchmarks, these statements will offer opportunity to clarify for all who have an interest in public education in Oregon, the shared views of the Joint Boards in areas in which their official responsibilities are joined.

The accompanying statement on (1) the coordination of off-campus credit and noncredit education, and (2) articulation among and between two- and four-year colleges and universities, and secondary schools, is the 1978 version of this statement.

The Joint Boards acknowledge the assistance of the Task Force on Postsecondary Education, consisting of representatives of the two Boards, the Educational Coordinating Commission, and the legislature in the development of this statement.
Coordination of Off-Campus Credit and Non-Credit Education and Articulation Among and Between Two- and Four-Year Colleges and Universities and Secondary Schools

The Oregon State Board of Higher Education and the Oregon State Board of Education have mutual interests in serving the continuing education needs of Oregon. In this they are joined by a wide range of other agencies, some public and some private, which have had, and should continue to have, significant roles to play in the future. These include, but are not limited to the following: independent colleges and universities, some federal and state governmental agencies, park and recreation districts, YMCA-YWCA, proprietary schools, labor unions, the Grange, and others.

We believe that efficient use of the educational resources that the above agencies—public and private—represent, will require continuing efforts to achieve greater coordination in planning and scheduling of off-campus educational programs and offerings. In the interest of promoting that coordination, we should like to: (1) review the principal efforts that have to the present been made toward promoting coordination; and (2) suggest some assumptions and principles that we believe ought to guide the schools, colleges, universities, and other agencies under our jurisdiction in their efforts to coordinate off-campus education in Oregon.

Steps Toward Coordination in Continuing Education

Apart from the many informal but important relationships that have developed among employees of our two boards interested in off-campus education—and there are a good many such relationships (see Appendices A and B)—there have been three formal proposals in recent years relating to coordination in continuing education:

- The Oregon Legislative Assembly—in establishing authorization for local school districts not included within a community college district to contract with the State Department of Higher Education for lower division transfer courses, and with the State Department of Education for post-high school vocational courses—stipulated (ORS 336.155) that:

  The Department of Education and the Division of Continuing Education (of the Oregon University System) shall establish procedures to assure that duplication of classes does not occur.
The post-high school study (1966) conducted by a committee consisting of selected presidents from the System, the community colleges, independent colleges and universities, and the Board's office (Higher Education), appointed by the Educational Coordinating Council recommended that "those who have administrative responsibilities in Oregon education, in order to find ways of sharing the task and supplementing each other's efforts in continuing education, establish a Council on Continuing Education." Such a council, it was recommended, should have as its purpose "arriving at decisions and understandings, interpreting policy and exploring broad areas of mutual concern with the hope that, in appropriate instances, responsibility for program development and administration could be shared."

This recommendation was followed by the appointment by the Educational Coordinating Council of a committee on continuing education having representation from the legislature and key agencies offering continuing education programs.

The aforementioned committee issued a report in October 1968, which called for the establishment of local coordinating committees on continuing education to be established in some 11 regions of the state "for the purpose of discussing mutual problems, particularly in regard to duplication of services."

The committee recommended that the functions of these local coordinating committees should include: definition of unmet continuing education needs, development of long-range plans to provide programs, encouragement of cooperation among continuing education agencies, encouragement of sharing of resources, development of area catalogs listing continuing education and community service needs, and coordination of programs so as to avoid conflicts among the agencies offering continuing education programs or courses.

In 1970, the State Board of Education and the State Board of Higher Education adopted a joint agreement entitled "Coordination of Continuing Education and Community Service Programs."

In September 1977, a joint Task Force on Postsecondary Education with representation from the State Board of Higher Education, State Board of Education, the Legislative Assembly, and the Educational Coordinating Commission was formed to review the 1970 joint agreement, to propose appropriate amendments thereto, and such additional steps as seem necessary to make available to Oregon's residents access to effective programs of education without unnecessary duplication of effort.
It is in the context of the foregoing developments that we, the members of the State Board of Education and the State Board of Higher Education, now set forth a statement of guidelines for the coordination of off-campus activities of the educational agencies under our general jurisdiction, and articulation between educational segments and other public and private agencies.

General Guidelines

1. We affirm our long-standing support of continuing education (credit and noncredit campus and off-campus) in Oregon. Continuing education—once thought of as desirable for some but not essential for most—has come to be seen in these times as necessary to all who would escape early occupational, educational, or cultural obsolescence.

2. We believe that off-campus education should be seen by the schools, colleges and universities, and other educational agencies under our jurisdiction, as an integral part of their responsibilities to the people of Oregon.

3. We emphasize that the disparate lifelong educational needs of Oregon citizens require that Oregon’s educational institutions and agencies offer educational opportunities (including advising services) in a variety of modes, at times and locations that will accommodate the needs of prospective students and that will provide means for students to validate and receive credit for relevant knowledge they possess, irrespective of how or when acquired.

4. We commend the steps—formal and informal—that have been taken to bring about greater coordination of effort among the several educational agencies. We cite, in particular, the individual agreements drawn up between each community college and the Oregon State University Extension Service. We urge the continuation and renewal of these or similar formal agreements as may be necessary in the face of changing needs.

5. We commend the Oregon University System/Community College Coordinating Committee for its contributions to effective articulation between the System institutions and the community colleges, and encourage the committee in its continuing efforts.

The Joint Boards request that the committee give consideration to identifying ways in which the committee might also promote articulation between colleges/universities and the secondary schools. In so doing, the committee should avoid duplicating the articulation efforts of the High School/College Relations Council.

The committee consists of the seven members appointed by the State Department of Higher Education and an equal number appointed by the State Department of Education. Representatives of the independent colleges and universities and of the Oregon Educational Coordinating Commission are participant observers, by invitation of the committee. The committee meets at least once each term to consider shared
interests and concerns and to iron out such difficulties as may have arisen involving System institutions and community colleges (e.g., student transfer problems, policies governing recording of credits on transcripts, course numbering, development of student writing competency).

6. Periodically, at the request of one or both Boards, or upon the initiative of the Board’s staffs, the staffs of the two Boards shall render reports to the Joint Boards concerning accomplishments, problems, and plans relating to articulation between the two- and four-year colleges and universities and between the colleges/universities and the secondary schools, including, in particular, a report of the accomplishments, problems, and plans of the System/Community College Coordinating Committee.

7. Any intersegmental issues related to matters under consideration in this statement, and affecting the two- and four-year public colleges and universities, the independent colleges and universities, or the public schools, which cannot be agreeably resolved by the segments concerned, may be referred to the Educational Coordinating Commission for review and recommendation.

8. Allocation to specific agencies under the jurisdiction of the two Boards of primary responsibility for the following aspects of off-campus education is made as follows:

- Adult basic education (i.e., to develop reading, writing, and computational skills of adults to the twelfth grade or lower level) is the primary responsibility of the community colleges and/or area education districts, where the local public schools have primary responsibility.

- Lower division academic credit courses offered off campus are the primary responsibility of the community colleges and/or area education districts in regions included within community college and area education districts. (The role of the independent colleges and universities is acknowledged.)

Outside such districts, the Oregon University System, the community colleges, or independent colleges and universities may share the responsibility of offering lower division courses as may best serve the needs and interests of the area.

- Lower division vocational-technical work offered off campus is the primary responsibility of the community colleges and/or area education districts in regions included within community college and area education districts, except for activities that have historically been within the purview of the Oregon State University Extension Service. (The role of the proprietary schools is acknowledged.)

Outside such geographic areas, lower division vocational-technical programs and services may be offered by whatever agencies have the resources (e.g.,
community colleges, Oregon Institute of Technology, Oregon State University Extension Service).

- Upper division, graduate and advanced graduate courses and programs are the primary responsibility of the Oregon University System, a responsibility that it shares with Oregon's independent colleges and universities.

- Responsibility for noncredit courses and activities offered off-campus is to be shared by the agencies of the State Department of Education (community colleges, community schools) and those of the State Department of Higher Education (Oregon State University Extension Service, colleges and universities of the System). This sharing will be coordinated in accordance with the provisions of the section on Coordination, Appendix A.

(Note to the reader: The material that follows is proposed as a replacement for the material on coordination that appeared in the 1970 joint agreement.)

Coordination

Respecting coordination of off-campus and noncredit activities, the joint Boards agree that:

- Planning can best be done by regions. For although there may be similarities in the categories and kind of off-campus educational services needed in the several regions of the state, there is variation in: (a) the nature of the agencies equipped to serve the continuing education needs of the several regions, and (b) their capacities to serve regional needs.

- Planning regions will vary in size and in the constituency of the agencies involved.

  - Some planning regions will include a community college and one or more other agencies (e.g., community schools, park and recreation district, proprietary schools). The northwest region of Oregon, with Astoria as the focal point, is illustrative. Or the Ontario area, with Treasure Valley Community College at the core, is another illustration.

  - Other planning regions will consist of (a) one or more four-year colleges and/or universities, (b) the community colleges serving the same area, and (c) such other agencies as desire to participate in the coordinative effort.

It is in this latter type of planning unit that the coordinating interest of the two Boards converge, owing to the presence in the unit of the two- and four-year colleges and universities. Such planning units would include
each of the public four-year institutions (UO, OSU, PSU, SOU, OCE, EOU, OIT, UOHSC), the community colleges, and independent colleges and universities serving the area, and such other agencies as wish to participate in a coordinated effort.

- Coordination of the off-campus credit and noncredit activities of the two- and four-year colleges within each of the several regions will be accomplished through the presidents of these institutions jointly discussing institutional plans for offering off-campus credit and noncredit activities.

- The presidents of each of the public four-year colleges and universities will take the initiative in bringing together the presidents of the community colleges and independent colleges and universities serving the area, together with representatives of the principal other agencies offering educational services to the area for the purpose of launching this coordinative effort. (The charge given the presidents of the public four-year colleges and universities is not intended to preclude community college presidents from convening such coordinative meetings as to them seem desirable in coordinating educational efforts in their areas, as suggested in the earlier illustrations relating to the Ontario and Astoria areas.)

- The plans should be sufficiently specific as to make clear in what ways the institution plans on using off-campus credit and noncredit courses and activities in the medium range future (i.e., What is the role of off-campus credit and noncredit activities in the institutional plans? Whom does the institution wish to serve through off-campus courses and programs? Through what kinds of courses and programs? In what areas of the state? In what way does the institution plan on coordinating its planned off-campus activities with other institutions and agencies?)

- The plans should, at the same time, be sufficiently broad and future oriented as not to require frequent discussions among institutional presidents in the region as to the general structure of institutional plans. Once every several years should suffice.

Should these consultations among the presidents identify unnecessary duplication and overlap in the programs proposed in the institutional plans, the presidents of the affected institutions will seek to negotiate a resolution of the problems. If they are unsuccessful in so doing, they shall refer the matter to the State Department of Higher Education and the State Department of Education for appropriate action in those instances in which public institutions are involved. The ultimate appeal in intersegmental disagreements in these matters is to the Educational Coordinating Commission.
Coordination at the operational level year-by-year or term-by-term is also encouraged by the Joint Boards, when that seems desirable. But the Joint Boards do not wish to mandate creation of regional coordinating committees in every corner of the state that would be required to meet regularly when, in the judgment of those closest to the scene, there is no necessity for such meetings.

The Boards anticipate that the presidential coordinative process will be sufficiently effective that only infrequent regional coordinative meetings will be necessary. Such intersegmental problems as may arise in the application of presidential agreements will be resolved by direct and open discussion between and among the agencies involved, or where necessary, by referral to the State Department of Higher Education and State Department of Education (where the public institutions are involved).

One practice that the Boards would like to encourage is the joint publication of the listing of off-campus courses and programs to be offered by the several segments in the same geographic area. This will greatly assist potential students in planning their educational activities.
Appendix A

Coordination of Public Two- and Four-year Colleges and Universities

Oregon has a proud record of cooperation between the State Board of Education and the State Board of Higher Education in bringing into being and nurturing Oregon's 13 community colleges, and in coordinating relationships between the community colleges and the System institutions.

The Legislative Assembly gave to the State Board of Education major responsibilities for assisting at the conception and birth of each of Oregon’s community colleges and for general oversight of the community colleges.

To the State Board of Higher Education, the Legislative Assembly gave major responsibilities during the formative years of each of the community colleges to oversee, and to assure the development of, a college transfer program that would (1) assure ease of transfer of students from the two-year colleges to the four-year colleges and universities; and (2) assure that the courses and staff of the community college transfer programs were of a caliber that the community colleges could, without difficulty, meet accreditation standards of the Northwest Association of Schools and Colleges.

Those legislatively-mandated relationships between the State Board of Higher Education and the community colleges were to continue until the community college was accredited by the Northwest Association of Schools and Colleges. All 13 community colleges are presently accredited.

Continuing coordination of System/community college activities is provided through the System/Community College Coordinating Committee and by the following devices:

- **Periodic meetings among two-year and four-year college and university faculty members in the same subject matter fields.** These meetings bring together faculty in the same fields to discuss common problems and ways of easing the transition of students as they pass from two-year to four-year institutions and vice versa. Illustrative are the meetings held annually by faculties in health, physical education, and recreation, and the periodic meetings of faculty representatives in the law enforcement, nursing, and mathematics areas.

- **Provision by the System of needed transfer information to community college faculty advisors and students.** The Board’s office (Higher Education), in collaboration with the deans and department heads of System institutions, produces annually a publication entitled *Transfer Programs*, which sets forth recommended lower division college transfer courses in each of more than 50
different academic and professional major fields of study that students in community colleges should take if they wish subsequently to transfer to System institutions in any one of the fields, and to complete baccalaureate degree requirements without loss of time. Copies of Transfer Programs are distributed by the Oregon University System to community college faculty advisors, to high school counselors, and to System faculty and administrative officers. The 1977-78 edition was distributed as follows: 1,800 to community college faculty advisors, 250 to high school counselors, and 500 to System faculty and administrative officers.

• Invitational programs conducted on System campuses for community college personnel. Various of the System institutions conduct on-campus programs to acquaint community college personnel (deans, administrators, counselors, and others at the community college's discretion) with the uniqueness of the programs and services of the System institutions being visited. In some, community college representatives have opportunities to visit with former students enrolled in the senior institution wherein circumstances of ease or difficulty of transition may be noted and corrective action taken, where it is needed.
Appendix B

Secondary/Postsecondary Educational Coordination

There is much being accomplished in the high schools, colleges and universities of Oregon by way of articulation and coordination of secondary/postsecondary education in Oregon. More remains to be accomplished, however, as suggested earlier in this statement.

Current efforts at articulation and coordination include:

- **High School/College Relations Council.** The Council was established in 1986 as an outgrowth of the Oregon University System High School/College Relations Committee, which had been active since 1934. It has operated as an independent agency with the System’s Director of the Office of High School Relations serving as its executive secretary. The membership of the Council, now 60 persons, includes representatives from all public and independent two-year and four-year colleges and universities in the state and representatives from key educational organizations including State Department of Higher Education, State Department of Education, the Oregon Association of School Executives, Oregon Association of Secondary School Administrators, Oregon Personnel and Guidance Association, Oregon School Activities Association, the Oregon State Scholarship Commission, the Oregon School Boards Association, Oregon Association of School Counselors, and the Oregon Association of Student Financial Aid Administrators.

  The Council meets in the fall and spring each year to consider concerns and interests of the membership regarding the articulation of high school graduates with postsecondary collegiate-level opportunities. Through committee deliberations and Council action, guidelines and standards have been developed in such areas as college and university contacts with high school students, articulation of alternative educational practices, admissions testing, and innovative grading practices.

- **Post-High School Plans Survey.** Since the late 1950s the System Office of High School Relations has, in the fall of each year, conducted a Post-High School Plans Survey of Oregon high school seniors, followed a year later with a sampling study of what those students actually did after graduation. In recent years, the surveys have been conducted in collaboration with the Educational Coordinating Commission. Effective spring term 1978, the survey is being conducted of students at the completion of their junior year. In addition to the value of the surveys for study purposes, the activity provides opportunities for students to receive general information about postsecondary educational opportunities in Oregon and to request specific information about any of the public or independent colleges and universities of the state.
Joint OSBE/OSBHE Statement

- **High School Vocational Education Survey.** Annually, the Oregon Department of Education (Career and Vocational Education Section), in cooperation with the Oregon Educational Coordinating Commission and the public school districts in Oregon, conducts a High School Vocational Education Survey to secure information useful to public schools in their planning.

The goal of this follow-up study "is to gather data about activities and perceptions of Oregon students after leaving their formal high school training." The study focuses on the responses and impressions of former vocational (career cluster) students, with appropriate comparisons made with responses of general/college preparatory students.

- **Oregon Career Information System (CIS).** Since 1960 in concept, and 1971 in practice, CIS has pioneered in the delivery of information about occupational opportunities (by regions of the state), job descriptions (including necessary education or training for those jobs), and information about all schools and colleges (public, independent, and proprietary) in Oregon. CIS is a consortium with representation from the Oregon Board of Education, the Oregon Employment Division, the Oregon University System, intermediate education districts, local school districts, and other users. Approximately 325 junior and senior high schools, the 13 community colleges, and many others use CIS.

Information in the CIS files is accessed by computer terminals and manual needle-sort kits placed in schools and colleges. The information is updated continually so that users receive current data at all times. The more than 150 data items in the education files (such as costs of college attendance, student financial aid, academic offerings by specific fields, housing options, credit-by-examination opportunities) can be compared for any three institutions simultaneously.

- **Information to high school and other students concerning postsecondary educational opportunities.** Established, well-organized, systematic efforts are made in Oregon to provide information to high school and other students concerning post-high school educational opportunities and ways in which to make the most of these opportunities. The following are illustrative.

  - **High school visitation program.** Annual visitations are made to Oregon high schools by teams of representatives of the System Board's office and the System institutions to inform high school students of the post-high school educational opportunities open to them in the System institutions.

  - **Informing high school students of the postsecondary educational opportunities available to them in System colleges and universities and in**
Oregon's community colleges. Each year, the System publishes and distributes to high school counselors and to high school seniors and their parents, a publication entitled It's Your Decision, that provides information concerning instructional programs available in System institutions and in each of the 13 community colleges, together with information concerning admissions policies, tuition and fee charges, and the like. A total of 32,000 copies are published and distributed each year.

Informing high school students about financial aid available in college. The System Office of High School Relations, in cooperation with the State Scholarship Commission, annually mails to all high school seniors who complete the Post-High School Plans Survey form a copy of the publication Meeting College Costs, published by the College Board, with an overlay of information concerning the costs of college and university attendance in Oregon, types of financial assistance available to students, and methods for determining eligibility for student financial aid. Approximately 26,000 copies are mailed to Oregon high school seniors each year.

Work with high school counselors. Annual counselor workshops are held by the System's Office of High School Relations in cooperation with the Oregon State Scholarship Commission to help counselors keep abreast of information relating to post-high school opportunities and means of financing them. Counselors are provided with copies of (1) The College Counselor's Guide, an annual publication containing information pertinent to counseling for college in Oregon, (2) It's Your Decision (described above) and (3) Transfer Programs (a publication prepared annually by the System Board's office setting forth the community college courses students should take in order to be able subsequently to transfer to System institutions and complete baccalaureate requirements in any of more than 50 subject matter fields without loss of time). In addition, counselors receive six editions yearly of the newsletter, Counseling for College, published by the System Office of High School Relations, which highlights activities, changes in instructional programs in System institutions, other items of interest, including important dates relating to school-college articulation.

The two-year and four-year public and independent institutions in Oregon and Washington have, since 1947, participated in the publication of Mapping Your Education, a book edited, published, and distributed annually to the high schools in the two states.

Costs of the publications are borne by the institutions included in the book and the secondary schools that purchase copies in order to provide
counselors, students, and parents with current accurate information in an orderly, comparative fashion.

Most recent of the System's Office of High School Relations efforts to assist counselors to provide students with information they need in preparing for academic success in college is the publication of Preparing for College (1977). Sixty thousand copies were distributed to secondary schools with the financial assistance of the Oregon Department of Education, to be used with younger students (8th, 9th, 10th graders). The booklet offers suggestions to assist students: (1) in preparing, while in high school, adequately to meet basic academic skill expectations at the freshman college level; (2) in increasing their options, once in college, by broadening their preparation in specific areas of academic interest; (3) in planning early to make appropriate choices among postsecondary options; and (4) in preparing to meet financial obligations involved in attending college.

- Special information program for college-capable minority. The System Office of High School Relations maintains a special program (federally funded) designed to identify college-capable prospects among minority and disadvantaged groups, to assist them in gaining admission to postsecondary institutions, and in securing the financial and other assistance necessary.

- Policies facilitating transition from high school to college. The System Office of High School Relations, in cooperation with System institutional representatives, seeks to assure maintenance of policies that ease the transition of high school students into college and university programs.
**Joint Statement by the State Board of Education and the State Board of Higher Education (2003-04)**

(Adopted by the State Board of Education and the State Board of Higher Education, Meeting #718, May 16, 2003, pp. 151-152)

**Joint Boards of Education Commitment to Quality**

The link between enrollment and funding has a direct relationship to the quality of instruction offered by the public two-year and four-year colleges and universities in Oregon. In the absence of a state commitment to sustain quality in our postsecondary education systems, further declines in state funding will occur without regard to the quality of instruction offered.

By the 2003-04 fiscal year, both the State Board of Education and the State Board of Higher Education will implement policies setting maximum capacity levels of funded enrollment, based on and indexed to the level of state funding per full-time equivalent (FTE) student that existed for community colleges in 2001-02 and for OUS institutions for 2002-03.

The Joint Boards of Education are committed to the quality of the post-secondary educational experience and intend to demonstrate, through this funded enrollment level policy, that a "sustainable enrollment level" can be identified and must be tied directly to the funding allocated to public postsecondary education in any given fiscal period.

**OUS Statement**

In furtherance of its responsibility for Systemwide tuition policy in the Oregon University System, the State Board of Higher Education will assure that if a campus determines that it can enroll additional students beyond the limits of this enrollment-to-funding relationship—supported only by the tuition/fees of the enrollments—the institutions will take the necessary measures to assure that the quality of the student experience and the level of campus performance are maintained.
NEW GRADUATE PROGRAMS, EXTERNAL REVIEW POLICY FOR

(Adopted by the Oregon State Board of Higher Education, Meeting #585, February 16, 1990, pp. 104-105.)

In spring 1988, the Board indicated an interest in altering its program review policies. One area of concern was the need for external reviews of new graduate level programs. The Board asked staff to provide recommendations to the following two questions:

- Should the Board conduct follow-up reviews of all new graduate level programs approved by the Board to assure that the campuses did, in fact, implement programs as they were approved to do?
- With continuing concerns about duplication of effort among campuses at the graduate level as well as concerns about the adequacy of the Oregon University System's financial resources, how can the Board be certain that new graduate programs will meet a desired standard for quality and nonduplication of effort?

In response to these concerns, staff began working in the summer of 1988 to collect data on graduate level programs and to survey other states' approaches to graduate level program review.

Once drafted, the external review procedure was reviewed by faculty between June and November 1989. Revisions were made in the procedure as a result of this review. The recommended policy, which follows, and guidelines were approved by the Academic council at its December 13, 1989, meeting.

External Review Policy for New Graduate Programs

1. Any new graduate program requests must be accompanied by an external review report.

2. The Vice Chancellor for Academic Affairs, working with an OUS Council of Graduate Deans, shall determine if an external review will be required for a request for a new center or institute. An external review for a center or institute should be customary if there will be a significant and long-term state investment of resources and/or the center of institute involves a significant instructional component.

3. The Guidelines for the External Review of New Graduate Programs is the procedure to be followed for all external reviews. (A copy of those guidelines is on file in the Board's office.)
NEW INSTRUCTIONAL PROGRAMS, GUIDELINES FOR REVIEW OF

Information To Be Submitted in Support of Requests for Authorization to Offer New Degree or Certificate Programs or New Areas of Specialization for Existing Programs


(Name of Institution)

PROPOSAL FOR THE INITIATION OF A NEW INSTRUCTIONAL PROGRAM LEADING TO THE (name of degree or certificate) IN (academic specialty or area)

Description of Proposed Program

1. Definition of Academic Areas
   a. Define or describe the academic area or field of specialization with which the proposed program would be concerned.
   b. What subspecialties or areas of concentration would be emphasized during the initial years of the program?
   c. Are there other subspecialties the institution would anticipate adding or emphasizing as the program develops?
   d. Are there other subspecialties the institution intends to avoid, in developing the program?
   e. When will the program be operational, if approved?

2. Department, School, or College Responsible
   a. What department and school or college would offer the proposed program?
   b. Will the program involve a new or reorganized administrative unit within the institution?
3. **Objectives of the Program**
   a. What are the objectives of the program?
   b. How will the institution determine how well the program meets these objectives? Identify specific post-approval monitoring procedures and outcome.
   c. How is the proposed program related to the mission and academic plan of the institution?
   d. What are the employment outlets and the employment opportunities for the institution?

4. **Relationship of Proposed Program to Other Programs in the Institution**
   List the closely related program and areas of strength currently available in the institution that would give important support to the proposed program.

5. **Courses of Study**
   a. Describe the proposed course of study.
   b. What elements of this course of study are presently in operation in the institution?
   c. How many and which courses will need to be added to institutional offerings in support of the proposed program?

6. **Admission Requirements**
   a. Please list any requirements for admission to the program that are in addition to admission to the institution.
   b. Will any enrollment limitation be imposed? Please indicate the limitation and rationale therefor. How will those who will be enrolled be selected if there are enrollment limitations?

7. **Relationship of Proposed Program to Future Plans**
   a. Is the proposed program the first of several curricular steps the institution has in mind in reaching a long-term goal in this or a related field?
   b. If so, what are the next steps to be, if the Board approves the program presently being proposed?
8. **Accreditation of the Program**
   
a. Is there an accrediting agency or professional society that has established standards in the area in which the proposed program lies? (Please give name.)

b. If so, does the proposed program meet the accreditation standards? If it does not, in what particulars does it appear to be deficient? What steps would be required to qualify the program for accreditation?

c. If the proposed program is a graduate program in which the institution offers an undergraduate program, is the undergraduate program fully accredited? If not, what would be required to qualify it for accreditation? What steps are being taken to achieve accreditation?

9. **Evidence of Need**
   
a. What evidence does the institution have of need for the program? Please be explicit.

b. What is the estimated enrollment and the estimated number of graduates of the proposed program over the next five years? If the proposed program is an expansion of an existing one, give the enrollment in the existing program over the past five years.

Is the proposed program intended primarily to provide another program option to students who are already being attracted to the institution, or is it anticipated that the proposed program will draw its clientele primarily from students who would not otherwise come to the institution were the proposed program not available there?

c. Identify statewide and institutional service area manpower needs the proposed program would assist in filling.

d. What evidence is there that there exists a regional or national need for additional qualified persons such as the proposed program would turn out?

e. Are there any other compelling reasons for offering the program?

f. Identify any special interest in the program on the part of local or state groups (e.g., business, industry, agriculture, professional groups).
g. Have any special provisions been made for making the complete program available for part-time or evening students?

Duplication of Effort

10. Similar Programs in the State

a. List any similar programs in the state.

b. If similar programs are offered in other institutions in the state, what purpose will the proposed program serve? Is it intended to supplement, complement, or duplicate existing programs?

c. In what way, if any, will resources of any other institutions be utilized in the proposed program?

Resources

11. Faculty

a. List present faculty who would be involved in offering the proposed program, with pertinent information concerning their special qualifications for service in this area.

b. Estimate the number, rank, and background of new faculty members that would need to be added to initiate the proposed program (that would be required in each of the first four years of the proposed program's operation, assuming the program develops as anticipated in item 9b). What kind of commitment does the institution make to meeting these needs? What kind of priority does the institution give this program in staff assignment?

c. Estimate the number and type of support staff needed in each of the first four years of the program.

12. Library

a. Describe in as objective terms as possible the adequacy of the library holdings that are relevant to the proposed program (e.g., if there is a recommended list of library materials issued by the American Library Association or some other responsible group, indicate to what extent the institution's library holdings meet the requirements of the recommended list).
b. How much, if any, additional library support will be required to bring the library to an adequate level for support of the proposed program?

c. How is it planned to acquire these library resources?

13. Facilities and Equipment

a. What special facilities in terms of buildings, laboratories, equipment are necessary to the offering of a quality program in the field and at the level of the proposed program?

b. What of these facilities does the institution presently have on hand?

c. What facilities beyond those now on hand would be required in support of the program?

d. How does the institution propose these additional facilities and equipment shall be provided?

14. Budgetary Impact

a. Please indicate the estimated cost of the program for the first four years of its operation, following the format found at the end of this document.

b. If a special legislative appropriation is required to launch the program (as shown in item 4b of the estimated budget), please provide a statement of the nature of the special budget request, the amount requested, and the reasons a special appropriation is needed. How does the institution plan to continue the program after the initial biennium?

c. If federal or other grant funds are required to launch the program (items 4c and 4d), what does the institution propose to do with the program upon termination of the grant?

d. Will the allocation of going-level budget funds in support of the program have an adverse impact on any other institutional program? If so, which program and in what ways?

Instructions for Filling Out Summary Table

The table is intended to show the budgetary impact resulting from offering the new program. The table should be filled out from the viewpoint of the budgetary unit that will be responsible for the new program. Determine what the budgetary unit will be doing as a result of the new program that it is not now doing in terms of new or additional activities, and show what these
New Instructional Programs, Guidelines for Review of

will cost whether financed and staffed by shifting of assignments within the budgetary unit, reallocation of resources within the institution, special appropriation of the legislature, or gift, grant, or other funds.

For example, if the program is simply a rearrangement of courses already being offered, drawing on library resources purchased for other programs, and with no requirements for new or additional specialized facilities or equipment and no increase or decrease in students served by the budgetary unit responsible for the program, the budgetary impact is zero and will be so reported in the table.

If the program will require the budgetary unit to offer new courses or additional sections of old courses or other new or additional activities without increase in FTE or other resources assigned the budgetary unit, indicate that FTE of any changed assignment given faculty within the budgetary unit or reallocation of other resources in support of these new courses or activities. If FTE faculty or support staff assigned to the budgetary unit must be increased to handle an increased workload occasioned by the new program or to provide added competencies, indicate the total resources required to handle the new activities and workload (e.g., additional sections of existing courses) occasioned by the new program and footnote each item as to (1) how much of this total figure is from reassignment within the budgetary unit, and (2) how much is from resources new to the budgetary unit to enable them to offer the program.
## SUMMARY OF ESTIMATED COSTS FOR PROPOSED PROGRAM

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<th>Second Year</th>
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### 1. Personnel

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<td>a. Faculty</td>
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<tr>
<td>b. Graduate Assistants</td>
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<tr>
<td>c. Support/Personnel</td>
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<tr>
<td>d. Fellowships/Scholarships</td>
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Percentage of Total from State Funds

### 2. Other Resources

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<td>b. Supplies/Services</td>
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<td>c. Movable Equipment</td>
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Percentage of Total from State Funds

### 3. Physical Facilities

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Percentage of Total from State Funds

### 4. Source of Funds

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<td>b. State Funds-Special</td>
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<td>c. Federal Funds</td>
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<td>d. Other Grants</td>
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<td>e. Fees, Sales, etc.</td>
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NEW INSTRUCTIONAL PROGRAMS, FOLLOW-UP REVIEW OF EXTERNAL REVIEW

(Adopted by the Oregon State Board of Higher Education, Meeting #594, December 21, 1990, pp. 654-657; Amended at Meeting #688, April 21, 2000, p. 39 [also see System Strategic Planning Committee docket and minutes, April 21, 2000])

Policy for External Review of New Graduate-Level Academic Programs

Each Oregon University System (OUS) institution requesting a new graduate-level professional or graduate degree program, or significant new option within an existing graduate degree program, must complete an external review of the proposed program. The purpose of the external review is to consider the proposed program in relation to the Board’s four goals—quality, access, employability, and cost-effectiveness—and include evaluation that uses the criteria set forth in IMD 2.015(2) for review of new academic programs. These criteria are:

- The needs of Oregon for higher education and the state’s capacity to respond effectively to social, economic, and environmental challenges and opportunities.
- Student demand that may not be met satisfactorily by existing programs.
- Program duplication is primarily of concern at the graduate and professional levels; therefore, a duplicated graduate or professional program must be specifically justified in terms of state’s needs, demand, access, and cost-effectiveness.
- The resources necessary for the program are available within existing programs; have been identified within existing budgets and will be reallocated; or will be secured to meet reasonable time lines for implementation, typically within a two-year limitation.
- The congruity of the proposed program with the campus mission and its strategic direction.
- Where appropriate and feasible, the program is a collaboration between two or more institutions that maximizes student access, academic productivity, and quality.

Guidelines for External Reviews

The External Review Panel

The external review process for a proposed new graduate-level degree program must include a site visit by a panel composed of three highly qualified individuals in the specific field/discipline of the proposed program. Although scholars and professionals from Oregon may be included, the majority of the panel members must be selected from peer institutions outside the state. Only under extraordinary circumstances may an individual from an Oregon University System institution serve on the panel.
The selection of the panel members shall be determined by the Vice Chancellor for Academic Affairs, in consultation with the institution, from a list of candidates provided by the proposing institution.

**Institutional Responsibilities**

**Site Visit**

Invitations to serve on the external review panel and to act as chair are extended by the institution. The institution will provide panel members with (1) the full written program proposal, (2) participating faculty vitae, (3) the projected budget, (4) other supporting or contextual materials, as needed, and (5) a site-visit schedule and itinerary, including all arrangements. All costs associated with the external review will be borne by the institution.

**Report and Institution’s Response**

On the basis of its visit, review of materials, and panel members’ expertise, the panel will make a written report for which guidelines are provided. After receipt of the panel’s report, the institution may elect to withdraw the program proposal from further consideration and notify the Vice Chancellor for Academic Affairs that the external review panel has satisfied its charge.

If the institution wishes to proceed, the academic unit must respond, in writing, to the panel’s recommendations and assessments. The revised program proposal, external review report, and any institutional responses will be submitted to the Vice Chancellor for Academic Affairs, for consideration by the Academic Council. Subsequently, the review and approval process set forth in IMD 2.015(3) for all new academic programs will be followed, including provision for an institution to submit for Board consideration a program proposal that does not have the support of the Academic Council or the Chancellor’s Office.

**External Review Panel Responsibility**

The external review panel’s primary task is to evaluate, not investigate. All data, information, documentation, and supporting material will be provided by the institution, thus enabling the panel to focus its efforts on the review.

The panel is responsible for preparing the final report in a timely manner. The report will be based primarily on the full panel’s evaluation of the written program proposal and the information gathered during the site visit, and will address areas set forth in these guidelines. Once completed, the chair will send the report to the institution president or provost, and graduate dean; a copy will be provided to the academic unit that developed the program proposal.
Report Guidelines

The panel is asked to assess the program within both the present and projected-future contexts.

Program

Please assess:

1. The program objectives and requirements; the mechanisms for program administration and assessment.

2. The program's alignment with the institution's mission and strategic objectives.

3. The depth and breadth of coverage in terms of faculty availability and expertise, regular course offerings and directed study, and access to and use of support resources within and external to the institution.

4. The relationship of this program to undergraduate and other graduate programs at the institution, and other institutions in the state, if appropriate. Consider collaborative arrangements, partnerships, interdisciplinary programs, service functions, joint research projects, support programs, etc.

5. The justification in terms of state needs, demand, access, and cost-effectiveness (if this program represents System duplication).

6. The probable impact of the program on the department or academic unit, as well as its effect on current programs.

7. The program's major strengths and weaknesses.

Faculty

Please assess:

1. The quality of the faculty in terms of training, experience, research, scholarly contributions, ability to generate external support, stature in the field, and qualifications to serve as graduate faculty.

2. The faculty in terms of size, qualifications for area(s) of specialization offered, and the student body served. Include analysis of program sustainability in light of such factors as upcoming retirements, etc.

3. Areas of faculty strength and weakness.
4. Faculty workload, including availability for student advising, research oversight, mentoring, and teaching effectiveness.

5. The credentials, involvement of, and reliance upon support faculty from other departments within the institutions, from other institutions, and/or adjunct faculty.

Need

Please assess:

1. The evidence that there is significant demand for this program.

2. The evidence of sufficient and relevant employment opportunities for graduates of this program.

3. The overall need for the program within the institution, the Oregon University System, state and/or region, and nation.

Resources

Please assess:

1. The adequacy of library, computer, laboratory, and other research facilities and equipment; offices; classrooms; and support services for the program; and, if relevant, the program’s utilization of resources outside the institution (e.g., field sites, laboratories, museums, libraries, and cooperative arrangements with other institutions).

2. The proposed budget and any need for new resources to operate the program effectively. Where appropriate, review resources available to support graduate students (e.g., fellowships and other scholarships, teaching and research assistantships).

3. In terms of national standards, the institution’s commitment to the program as demonstrated by the number of faculty relative to workload and student numbers, support for faculty by nonacademic personnel (e.g., support, staff, technicians), financial support for students, and funds for faculty research and professional activities (e.g., conferences, visiting lectures).

4. Institution leaders’ commitment to this program in the long term.

5. The institution’s ability to sustain the program in the foreseeable future along with its current and future projected commitments.
OCATE MISSION STATEMENT AND STRATEGIC OBJECTIVES

(Adopted by the Oregon State Board of Higher Education, Meeting #534, February 21, 1986, p. 71. See also Meeting #533, January 17, 1986, pp. 6-8 and 35-40.)

The Oregon Center for Advanced Technology Education (OCATE) will act as a facilitator, coordinator, and promoter of cooperative, world-class, graduate-level, advanced technology education. OCATE will bring together the best faculty from Oregon's public and private higher education institutions, leading industrial researchers, and out-of-state experts to provide state-of-the-art technological and business education to the advanced technology industries in Oregon.
OFF-CAMPUS INSTRUCTION


1. There shall be maintained in the System a centrally coordinated, institutionally based off-campus instructional program, with funding of off-campus enrollments in the same manner as on-campus enrollments.

Should the legislature not authorize funding for off-campus enrollments in the same way as on-campus enrollments, the institutions may offer such instruction as self-support courses.

2. Campus enrollments are state-funded enrollments for credit in: (1) courses conducted within the campus boundaries; and (2) courses that must be offered outside the boundaries because resources or facilities necessary to conduct the courses are available only in off-campus locations (e.g., student teaching, clinical experience, marine science instruction at Newport and Charleston). (Institutions may also schedule courses within the campus boundaries that are taught under contract or agreement where the sponsoring agency pays the full cost of instruction or which are self-supporting from fee income.)

3. Off-campus enrollments are enrollments for credit in courses taught at a location outside the campus boundaries in order to make the courses and programs of the institution more accessible geographically. Such enrollments are limited to:

   a. Upper division or graduate courses.

   b. Lower division courses outside a community college or area education district.

   c. Lower division courses inside a community college or area education district offered with the approval of the district.

4. Off-campus instructional programs will be limited to courses and activities scheduled for the convenience of part-time students.

5. Responsibility for off-campus noncredit courses and activities is shared among the institutions, according to institutional interest, resources, and the interests of the publics to be served. Generally, with the exception of programs of the Oregon State University Extension Service and the Labor Education Resources Center at the University of Oregon, noncredit courses and activities do not receive state-fund support and none is proposed.
Off-Campus Instruction

Institution Responsibilities

6. The System's coordinated off-campus instructional program shall be based on the strengths of the institutions as regional instructional centers and statewide providers of educational programs. Each institution will have primary responsibility for service to the geographic area in which it is located and will assist other institutions that may, in accordance with centrally approved plans, wish to schedule programs and courses in the region.

7. In addition to its regional responsibilities, each institution will have a statewide responsibility to identify, organize, and administer off-campus programs in curricular areas and specialties unique to the institution.

8. Institutions will have a shared responsibility for serving regions of the state outside their respective geographic service areas. All such programs will be conducted in accordance with centrally approved plans. When a choice must be made among two or more System institutions seeking to serve a specific clientele in a specific location, the Board's office will give consideration to the appropriateness of the proposed program to the need to be served, geographic proximity, ability and willingness to make available resources necessary to offer a program of good quality, and the expressed preference, if any, of the clientele to be served.

9. The institutions are encouraged to examine ways in which their regular degree programs can be made more accessible to the nontraditional student through appropriate modifications in such areas as admissions, registration, counseling, scheduling of courses, format of courses, system of delivery, location of courses, interpretation of residence credit required.

10. Efforts will be made to assure that there shall be no distinction in quality between an institution's on- and off-campus and programs:

   a. Admissions and prerequisites requirements for credit courses and programs offered off-campus shall be the same as for on-campus courses and programs of the same kind.

   b. Curricular allocations and course authorizations as approved by the Board shall apply to all credit course offerings, on and off campus.

   c. Adjunct faculty employed to teach off-campus credit courses shall be subject to the same appointment criteria and review procedures as regular faculty and shall be fully qualified to be informed as to the standards and grading practices of the department approving the instructional assignment.
d. Degree requirements for programs offered in off-campus locations shall be the same as for on-campus programs, except as specifically indicated in respect to residency requirements. Residency requirements for off-campus programs shall specify a minimum number of hours that must be completed in course work taught by members of the regular campus-based instructional staff.

e. Before authorization is granted for the scheduling of credit courses or programs in an off-campus location, arrangements must be completed for student access to library resources, counseling, and support services adequate to the instruction proposed.

11. Arrangements to offer a degree program in a specific off-campus setting under the off-campus instructional policies of the Board is not and shall not be considered or described as establishment of a branch campus. Institutions will develop and implement procedures to assure that all persons and agencies associated with off-campus instructional programs of the System are cognizant of the limited nature of the programs.

12. The Board’s office will work with the institutions in assuring the orderly development of extended degree programs and appropriate coordination of these efforts with Oregon’s community colleges and independent colleges and universities.

13. Subject to applicable statutory requirements, the institutions may procure off-campus office and classroom space through rental, lease, or cooperative arrangements with non-System organizations and agencies in order to provide a consistent location for registration, information, and instructional services offered in the off-campus programs. Acquisition of such a facility does not constitute establishment of a branch campus, and the costs of the facility will be charged to the programs served.

14. Off-campus instructional programs shall be scheduled within the geographic boundaries of the state, with the following exceptions:

a. Courses that are a part of the regular curricula of the sponsoring institutions, but that must be offered in out-of-state locations because the facilities necessary to conduct the courses are only available in those locations (e.g., foreign study).

b. Courses offered through independent study (correspondence and multimedia courses).

c. Credit courses that are supported entirely by student fees and other nonstate income offered in regions contiguous to Oregon which are a part of the sponsoring institution’s natural geographic service area, and are not a part of the natural service area of an out-of-state institution offering similar instruction.
d. Courses and activities, credit and noncredit, offered in the Northwest region and elsewhere, which make available specialized expertise of regular campus-based faculty, when this can be done without penalty to the campus programs and when the entire cost of the offering is covered by fees, grants, gifts, and/or contract funds.

Coordination

15. Central coordination of off-campus instruction, credit and noncredit, including independent study (correspondence and multimedia courses), in the System will be provided through the Board’s office of Academic Affairs, working in cooperation with an interinstitutional council on off-campus education. Specifically, the Board’s office will work with the institutions in coordinating policies and procedures for off-campus instructional programs, avoiding unnecessary program duplication, insuring maximum use of resources, providing special reports to interested groups, serving a clearinghouse function, adjudicating issues that may arise concerning off-campus instruction, and promoting off-campus educational opportunities for citizens residing in areas remote from campuses of the System.

16. It is expected that the System institutions will adhere to the Joint Statement adopted by the State Board of Higher Education and the State Board of Education concerning coordination of off-campus credit and noncredit education and articulation among and between two- and four-year colleges and universities and secondary schools, and to any subsequent changes in that Statement as may be agreed to by the two Boards.

In accordance with this Statement, intersegmental regional coordination of credit and noncredit off-campus programs in Oregon will be maintained through regional coordinating meetings of the institutional presidents (System, community college, independent college and university) or their designees; necessary intersegmental coordination on the state level will be accomplished through consultation between the Board’s office and the State Department of Education and independent institution representatives, or through the System/Community College Coordinating Committee, as appropriate, with a participation of such other individuals and agencies as may be necessary. Any intersegmental issues related to coordination that cannot be resolved agreeably by the segments concerned may be referred to the Educational Coordinating Commission for review and recommendation.
PRESIDENTIAL EMERITUS STATUS

(Approved by the Oregon State Board of Higher Education at Meeting #788, June 8, 2007)

It is the policy of the State Board of Higher Education of the Oregon University System that presidents serving Oregon University System institutions for a significant period, sufficient to demonstrate meaningful contribution to higher education in Oregon, and upon the recommendation of the Chancellor, shall be accorded the title of President Emeritus of [specific institution name]. It is the intent of this policy that the designated individual shall be accorded the right to use this designation from the date of issuance forward, to signify this singularly significant professional honor. This title shall at a minimum include the privilege of parking on all campuses of OUS, the continued ability to use institutional e-mail, have internet access, mail privileges, campus library privileges, and have provided, upon request, a business office, consistent with the institutional polices of the campus served. The costs of the above privileges shall be the responsibility of the institution served by the designed president. The Board reserves the discretion to award additional individual privileges as warranted. An individual institution shall have the right to grant additional presidential emeritus privileges as it, in its discretion, deems appropriate.
PRESIDENTIAL SEARCH PROCESS

(Adopted by the Oregon State Board of Higher Education, Meeting #535, March 21, 1986, pp. 122-130; amended Meeting #560, February 17, 1988, pp. 64-70; Meeting #570, October 21, 1988, pp. 564-570; Meeting #581, October 20, 1989, pp. 457-463; Meeting #623, October 22, 1993, pp. 500-508; Meeting #627, April 22, 1994, pp. 130-136; Special Meeting, January 29, 1997, pp. 41-50; Meeting #667, October 17, 1997, pp. 462-472. The process approved by the Board is presented below in narrative form. See also discussion, Meeting #558, December 18, 1987, pp. 602-609. Amendments were last approved by the Board in Meeting #667, pp. 462-472; Repealed, Meeting #843, October 8, 2010.)
**Program Closures, Suspensions, and Eliminations**

Internal Management Directive 2.001 (1): The "Board shall act on institutional requests for modification of existing curricular allocations, including addition and deletion of curricular programs, ...in accordance with Board policies..."

Oregon Revised Statute 351.200: The Board "may direct the elimination of duplicate work from any institution, and determine and define the courses of study and departments to be offered and conducted by each institution."

Statement on "Board Posture Toward Curricular Allocations," Item 2, Paragraph 2: "Curricular planning includes not alone the identification of unmet educational needs and the development of programs designed to serve them; it includes, as well, the responsibility to evaluate in some systematic, orderly way and to reduce or to eliminate those whose continuance at current levels cannot be justified by defensible criteria."

Policies With Respect to Institutional Closure, Student Access, Reduction and Elimination of Programs

(Endorsed by the State Board of Higher Education, Meeting #477, May 29, 1981, pp. 302 and 372-375.)

The president of the Board prepared and presented to the Board for review and discussion a statement, entitled Problems of Higher Education in Oregon—A Response. It set forth assumptions that had been expressed concerning higher education and commented on those assumptions, citing data pertaining to them. The issue of quality and the effects of the financial crisis on quality were reviewed. The question of institutional closure and student access were addressed. The statement concluded with a series of recommendations for dealing with what was believed to be a temporary financial crisis so that programs essential to the missions of the institutions or the System would be maintained and outstanding programs will be protected. (That portion of the statement appears below.)

"Another solution periodically suggested is that one or more institutions be completely closed. The Governor does not agree with such a solution. The State Board of Higher Education does not agree with such a solution. We believe that most of the public and most legislators do not agree that this is a viable solution. We believe this because the information that we have does not show that closing an entire institution is going to save appreciable amounts of money and may even increase costs in some respects. Without restricting access, the students would simply go to other institutions, creating need for new facilities and additional faculties there. Although there would possibly be some small saving in administrative costs, there would also be exceedingly uneconomic, even wasteful, use, if any, of existing facilities, to say nothing of imposing probably disastrous economic consequences upon the communities where the schools now exist."
"We have proposed that the manner in which access will be restricted will be through the closing or reducing in size of programs which we have instructed the institutions to identify. The Board will have the final decision as to which programs will be reduced or eliminated.

"This information is not yet available, but one of the central problems with the legislature is the request that we identify those programs before a determination has been made by the legislature that it is necessary. Although the fact that such identification may create a self-fulfilling prophecy is recognized to some extent by the legislature, nonetheless they continue to press for that information as necessary to their deliberations.

"The concern has also been expressed by members of the Higher Education Subcommittee of Ways & Means that the presidents cannot or will not identify programs to be reduced. One statement is that "the institutions cannot do it—their mission is to grow." Another assumption seems to be that the presidents will not do so because of their relationships and obligation to the various faculties.

"I would ask the question, 'If they will not or cannot, where will the information upon which an informed decision must be based, come from?'

"My confidence in the presidents is greater than that. They are paid (more or less well paid) to make such difficult decisions. They know where the programs are which will do the least damage to the institution and to the System. They are not as beholden to the faculties as popularly assumed. Most of the complaints I have received from faculty members about the presidents have been over their carrying out of Board decisions.

"We must rely upon them because I doubt if this Board or even the Chancellor's Office, except in isolated instances, could really identify those programs which are weakest and where the public loss will be the least upon their elimination. We also know that weak programs have been eliminated or reduced in the past.

"If the public choice, after adequate public debate, is that we provide more quality for fewer students with less money, we will do so.

"It will not be done by some of the methods discussed herein which have been suggested to us.

"We will, of course, if it is insisted upon, be required to identify the programs which we would intend to eliminate that would have the effect of reducing student access. It is my opinion, however, that higher education and the public interest would be better served by simply requesting that the legislature tell us how much money we are to receive and assuring that we will make the hard decisions that they are asking for. I believe that such
a posture is consistent not only with good judgment, but the statutory scheme for a
system of higher education in Oregon. I recommend a careful reading of ORS 351.070,
351.110, and 351.200.

"It is entirely within the province of the legislature to change the entire System for
providing higher education in Oregon, or even to abolish it; however, I do not believe
that it is their prerogative under present legislation to supervise the educational
programs or to define the courses of study and departments to be offered and
conducted by each institution. (ORS 351.200(1)) This will, of course, be the effect,
directly or indirectly, of their reviewing programs at the institution level and making
decisions as to funding that may result in their closure or continuation.

"The presidents and the System are apparently being confronted with a legislative
procedure which will encourage not more for less, but as earlier stated, less for less.

"I certainly agree that there is necessity for coordinated effort by the State Board,
otherwise we will only shift students from institution to institution or to other segments
of education. I believe we have already established a mechanism by which coordinated
effort will be achieved.

"It seems to me that we face a dilemma. What incentive is there to cut programs if some
of the savings cannot be, at least in some substantial part, devoted to improvement of
the remaining programs?

"Am I suggesting that we do nothing?

"I am not. To adopt such a posture is to risk the continuing deterioration of outstanding
programs to maintain the mediocre.

"I believe that first of all the legislature should be urged to make every effort to fund
higher education at the minimum levels suggested in the Governor's budget.

"In fact, Bill Barrows, the legislative fiscal analyst, has recommended approval of the
Governor's budget for 1981-82. (Parenthetically, it should be noted that he has made
some other policy proposals that I believe merit careful consideration.)

"It should be made very clear that if growth continues, as it has, eliminating programs to
deal with what we certainly hope (and many believe) is a transitory financial crisis, will
have a long-range impact and cost which may be greater than the short-range savings,
since these programs cannot be restarted without great public expense if future
circumstances require it.

"I do recommend that the Chancellor be directed to work with the presidents to
determine those programs which can be eliminated with the least damage to the
institutions and to the System, and that the following criteria be applied (among others which may be suggested by this Board or by the Chancellor's Office):

(1) Those programs, which are central to the mission of the institution, will be maintained.

(2) Those programs, that are essential to the System's mission as an educational delivery system as a whole, will be maintained.

(3) The large measure of statewide public services now provided to Oregon's citizens and industries should be maintained.

(4) Elimination should not be considered where the result will simply be to shift the burden to another institution or to some other segment of education.

(5) Where quality is marginal or cost of maintenance or upgrading is disproportionate to the importance of the program to the mission of the institution and the System, it may be eliminated. These programs should be identified as soon as possible and elimination considered whether or not the Governor's budget is funded.

(6) Outstanding programs will be protected. I do not think that that is a necessary assumption under some of the proposed legislative changes. An example is the continuing proposal to discontinue all physical education service courses. As I understand it, this would cripple what has just recently been identified as one of the five best P.E. schools in the country at the University of Oregon.

"Last, it is my proposal that the legislature consider that some substantial proportion of the savings which can be obtained from the elimination of programs be retained by the institution or the System for improvement of its other programs. This will encourage rather than discourage a hard look at programs that could be eliminated.

"I know this will not be particularly attractive to the presidents, but I believe that their choice is that they will have a reduced number of programs with reduced funds, or a reduced number of programs with more adequate funding for the remainder in the future.

"I do not believe that this can be accomplished before this legislature completes its deliberations. It will take time and effort, but I believe that it is a proposal which should be made to the legislature for the future if present levels of funding for higher education in Oregon are not to be improved."
REIMBURSEMENT TO RESIDENCE HALLS FOR SPACES UTILIZED ON A TEMPORARY BASIS FOR OTHER PURPOSES

(Adopted by the Oregon State Board of Higher Education, Meeting #397, July 26, 1971, pp. 521-522.)

When residence hall spaces are used for educational or administrative purposes on a temporary basis, payment shall cover utilities, maintenance, insurance, administrative costs, and the same rate of debt service that is required for the space used as dormitories.
REORGANIZATION OF INSTITUTIONS, MAJOR ADMINISTRATIVE

(Adopted by the Oregon State Board of Higher Education, Meeting #429, April 29, 1976, pp. 381-382)

Major internal administrative reorganizations of the institutions will be reported to the Board.
STRATEGIC PLAN FOR THE OUS (1985-1987)

(Adopted by the Oregon State Board of Higher Education, Meeting #501, May 27, 1983, p. 142; revised Meeting #539, July 18, 1986, pp. 386-387.)

The Strategic Plan was adopted at the May 1983 meeting after consideration and revision at previous meetings. The action adopting the Plan appears at the conclusion of the action taken with respect to admissions requirements. With the adoption of the recommendations pertaining to admission, the Board completed consideration of the recommendations in the Strategic Plan and adopted the Plan in its entirety. The action is reported on file in the Board's office.
SUBSTANCE ABUSE

(Adopted by Oregon State Board of Higher Education, Meeting #589, June 14, 1990, p. 268.)

At its May 1990 meeting, the Board adopted minimum standards for institutional comprehensive drug and alcohol abuse plans. In response to the Oregon Student Lobby's testimony on that topic, the Board directed staff to draft a policy statement on substance abuse indicating the Board's preference for education, prevention, and treatment programs. The following policy statement was presented to the Board and adopted at the subsequent meeting:

The Board recognizes that substance abuse is a serious problem currently facing society and, likewise, affecting students and employees of the Oregon University System. It is the policy of the Board to encourage current efforts that each institution is making to eliminate this problem. The Board believes that the System's most effective response to these problems is through education, prevention, and treatment programs.
SUSTAINABILITY

The Oregon State Board of Higher Education recognizes the importance of the Oregon University System in making Oregon a living laboratory for teaching, testing and practicing excellence in sustainability. For purposes of this policy, “sustainability” means using, developing and protecting resources in a manner that enables people to meet current needs and provides that future generations can also meet future needs, from the joint perspective of environmental, economic and community objectives (ORS 184.423).

The Board is committed to developing, implementing and continuously improving the Sustainability Plan for the Oregon University System adopted by the Board and approved by the Oregon Sustainability Board in 2004 pursuant to Executive Order 03-03. To promote collaboration among all universities in the Oregon University System, partnerships with the Oregon University System and equal access by diverse communities, businesses, government and non-government organizations, it is the policy of the Board to:

1. Build on Oregon’s “green” brand to attract the best and brightest students, faculty and staff to our universities from Oregon, across the country and around the world to explore how we can live sustainably on Earth.

2. Provide all students, faculty and staff the opportunity to understand the key aspects and consequences of sustainability and explore how sustainable practices can integrate in their personal and professional lives.

3. Support economic development in Oregon by developing the work force needed to support and grow sustainable businesses and industries.

4. Create an environment of innovation around sustainable technologies, processes and practices that contribute nationally and internationally to sustainable development and attract businesses to Oregon to take advantage of the knowledge we create.

5. Make our campuses, facilities and events models of sustainable design, construction and operations, meeting or exceeding national and international performance standards.

6. Engage communities and industry throughout Oregon to help them develop sustainably using the knowledge and expertise of the universities.

Institution presidents have primary responsibility for developing and implementing this policy. The Chancellor is responsible for convening, coordinating and enabling the presidents in this effort and for developing consistent performance metrics. The Chancellor shall evaluate the performance of the presidents and other officers reporting to him in the implementation of this policy.

DOCUMENT HISTORY
- Adopted, Meeting #8432, October 8, 2010
TEACHER EDUCATION IN THE SYSTEM, QUALITY ASSURANCE

Adoption of California Basic Educational Skills Test
as Requirement for Admissions

(Adopted by the Oregon State Board of Higher Education, Meeting #518, November 16, 1984, pp. 569-581; see also Meeting #478, August 7, 1981, pp. 474-476, for references to proficiency in basic skills and use of California Achievement Test.)

The Board received a report on teacher education within the five professional education schools of the System. The report concluded with a statement of the beliefs concerning the conditions necessary for the effective preparation of teachers and included a series of recommendations for the improvement of teacher preparation in Oregon.

The Board approved a motion that the report be accepted and that the Board encourage the institutions offering teacher education programs, their staffs, and the Board's staff, working cooperatively with the public schools and other agencies and organizations, to move vigorously to implement the recommendations for improvement of preparation of teachers in Oregon as soon as possible. The Board also approved an amendment to the original motion stating that the Board set a very high priority on providing the environment and the support necessary to complete and articulate the qualities necessary for excellence in teaching along the lines of the discussion.

The eight priority recommendations approved by the Board were:

1. Recruit top students into teaching by providing new fiscal incentives, (i.e., scholarships and tuition waivers).

2. Provide competitive salaries to attract and retain well-qualified faculty in teacher education programs and require that education faculty continuously upgrade their professional skills.

3. Require education faculty to become significantly involved with public schools on a continuing basis and recognize faculty field work through conventional college and university rewards of promotion and tenure.

4. Continue efforts to improve standards for admission to OUS teacher education programs, including the adoption of the California Basic Educational Skills Test (CBEST) as a requirement for admissions.
5. Provide instruction on the uses of new technology in education as part of the regular teacher education program and require computer literacy at the functional computing level for students graduating from teacher education programs.

6. Establish a summer session subsidy program to enable colleges and universities to provide courses required for certification by teachers and administrators on a planned, responsive basis.

7. Implement a statewide entry-year assistance program, jointly operated by higher education institutions and school districts, that provides a year-long residency in a public school, concurrent graduate-level instruction, and workshops for beginning teachers in Oregon.

8. Develop a coordinated research and development agenda for OUS’ teacher education programs to improve resource sharing and pilot new developmental projects for the benefit of the entire System.

(The review of teacher education by the Board and other groups culminated in the approval by the Board of extended teacher preparation programs on January 20, 1989, Meeting #572, pp. 5-46. Throughout the period 1981-1989, the minutes contain references to various studies and proposals for improvement of teacher education in the System.)