



Oregon State University
for all Oregonians

Board of Trustees

Full Board Meeting
Friday, July 18, 2014



The Board of Trustees of Oregon State University

Regular Meeting of the Board

July 18, 2014

9:00 a.m.-2:00 p.m.

Willamette Room, CH2M HILL Alumni Center

Agenda

1. Call to Order/Roll/Declaration of a Quorum

2. Opening Comments and Reports

- a. Chair’s Comments (Reser)
- b. President’s Report (Ray)
- c. Faculty Senate Report (Edge)
- d. Higher Education Coordinating Commission Report (Nesbitt)

3. Consent Agenda

- a. Approval of Minutes (March 13, 2014 Regular Meeting) 1
- b. Proposed Resolution Regarding Classified Information for the U.S. Department of Defense.....7

4. Reports of Standing Committees of the Board

- a. Academic Strategies Committee (May 29 and July 17 meetings) (Kelly)
- b. Finance & Administration Committee (July 8 meeting) (Floyd)
- c. Executive & Audit Committee (March 28, April 22, June 20, and July 17 meetings) (Reser)9

5. Action Items

- a. Proposed Resolution Concerning Authority for Academic Program Approval (Kelly) 11
- b. Proposed OSU Fiscal Year 2014-15 Operating Budgets (Floyd)31
- c. Proposed University Fraud, Waste and Abuse Policy (Reser)57
- d. Proposed University Code of Ethics (Reser).....59
- e. Proposed Amendment to Executive and Audit Committee Charter (Reser)61
- f. Proposed Resolution Delegating Authority to University (Reser)63
- g. Proposed Presidential Contract for FY15 and FY16 (Reser).....65

6. Discussion Items

- a. Financing Capital Investment – “Bonds 101” (Ford, Green) Tab “101”
- b. “Capital Planning 101” (Ford, Pawlowski) Tab “101”

7. Public Comments

8. Adjournment



The Board of Trustees of Oregon State University

**Regular Meeting of the Board
March 13, 2014
CH2M Hill Alumni Center
Corvallis, Oregon**

MINUTES

Trustees present: Mark Baldwin, Patricia Bedient, Rani Borkar, Darald Callahan, Michele Longo Eder, Paul Kelly, Jr., Brenda McComb, Laura Naumes, Edward Ray, Patricia Reser, Taylor Sarman, Kirk Schueler, and Michael Thorne

Guests: Tim Nesbitt, Chair, Higher Education Coordinating Commission, and Ben Cannon, Executive Director, HECC

1. Call to Order

Board Chair Pat Reser called the meeting to order at 9:00 a.m. Following roll call, she declared the presence of a quorum.

2. Opening Comments and Reports

a. Chair's Comments

Board Chair Reser summarized the Campaign for OSU's achievements and recommended the University make use of them as points of pride around which stories can be developed that emphasize the impact the University makes in Oregon, the nation and the world.

b. President's Report

President Ray reported that the Campaign for OSU exceeded its \$1 billion goal at the end of January, 11 months before the Campaign's end. Dr. Ray also reported on the legislative actions taken by the Oregon Legislature during its recently completed session. He highlighted two items that pertain specifically to OSU: \$3.85 million in Article XI-G bonds for the OSU-Cascades Campus academic building (in exchange for \$4 million in bonds previously approved for a biofuels demonstration project), and a revision to Central Oregon Community College's bonds, which provides funding to COCC for Cascades Hall and frees OSU from the University's lease obligation for this facility.

Dr. Ray reported that he had joined a student-organized solidarity march on March 12 to voice opposition to recent incidents of racism on campus. He highlighted the University's re-building of its four cultural centers and noted that the Centro Cultural César Chávez would be dedicated on April 7 and that work is underway to build a new Lonnie B. Harris Black Cultural Center. Dr. Ray also reported that the QS World University had ranked OSU as the world's seventh best university in agriculture and forestry and had ranked 19 doctoral programs in the top 10 globally.

Among other points of pride, Dr. Ray reported that NuScale Power, a spinoff business first developed at the University, had received \$226 million in funding from the U.S. Department of Energy. OSU's relationship with NuScale provides opportunities for OSU nuclear engineering students to learn about the newest concepts in nuclear power production. Dr. Ray announced that OSU's women's choir, Bella Voce, had been selected to perform at the International Society for Music Education in Porto Alegre, Brazil, representing the U.S. at an international showcase. He also announced that the College of Forestry will lead a new national effort to use wood in the construction of multi-story, environmentally friendly buildings. This effort will reclaim high-paying jobs for Oregon's rural communities

Dr. Ray reported that the women's basketball team was enjoying one of its best seasons in school history and that the wrestling team won its third consecutive Pac-12 championship

c. Higher Education Coordinating Commission Report

Tim Nesbitt, Chair, Higher Education Coordinating Commission, and HECC Executive Director Ben Cannon made a presentation on a strategy for steering, cheering and persevering to achieve Oregon's higher education goals. They summarized the HECC action plan to broaden the pathways to the state's 40-40-20 goal, make the pathways accessible, affordable and supportive for students, steer the higher education enterprise and cheer the promotion of college completion and career readiness. They said that the HECC would evaluate the institutional boards following the 2014-15 academic year and would work with the boards in developing the evaluation criteria.

3. Consent Agenda

On a motion made and seconded, the Board voted to approve the minutes of its January 9-10, 2014 Regular Meeting.

4. Reports of Standing Committees of the Board

a. Finance & Administration Committee

Glenn Ford, vice president of finance and administration, reported on the March 12, 2014 meeting of the Finance and Administration. He provided an overview of the proposed tuition rates and fees for Academic Year 2014-15. Sherm Bloomer, director of budget and fiscal planning, provided more detail on the proposed tuition rates and fees provision. Victoria Redman, vice president of the Associated Students of Oregon State University, read a letter in support of the proposed tuition rates and fees from Brett Deedon, ASOSU president.

Action Item – Academic Year 2014-14 Tuition Rates and Fees: Committee Chair Kirk Schueler reported that the committee had approved forwarding the following recommendation on 2014-15 Tuition Rates and Fees to the full Board and recommended its endorsement:

The Finance and Administration Committee recommends the Academic Year (AY) 2014-15 tuition rates and fees described in the docket item titled "Proposed Academic Year 2014-15 Tuition Rates and Fees Discussion" to the Board for endorsement and subsequent submission for consideration by the State Board of Higher Education. The Committee recommends that the Board authorize the President or designee (typically the Vice President for Finance and

Administration) to make minor adjustments or corrections to the final submitted documents as necessary.

On a motion moved and seconded, the Board voted to approve the Finance and Administration Committee's recommendations to endorse the University's Academic Year 2014-15 Tuition Rates and Fees and to authorize the President or his designee to make minor adjustments or corrections to the final submitted documents as necessary.

Mr. Ford next provided an overview of the other action item the Finance and Administration Committee had considered at its March 12 meeting and voted to move to the full Board, the proposed legislative funding request for the 2015-17 Biennium.

Dr. Bloomer made a presentation on the preliminary operating funding request. He reported that the HECC had requested that the funding request include not only figures representing current funding and the current service level increment, but also figures representing strategic investment increments at 5%, 10%, and 25% of the total of the current funding level, plus the current service level increment. In the discussion that followed, trustees recommended that the proposed operating funding request present the 25% strategic investment increment in the table and the 5% and 10% increments in the table footnote. Trustees also recommended providing a strong narrative with the 25% strategic investment increment that would differentiate what could be accomplished with that increment, specifically, in terms of the 40-40-20 goals in contrast to what could be accomplished at the 5% and 10% levels. Trustees also recommended that the outcomes contained in the narrative reference or relate to HECC's goals.

Action Item – Legislative Funding Request 2015-17 Biennium: Committee Chair Schueler reported that the committee had approved forwarding the following recommendation on the 2015-17 Legislative Funding Request to the full Board and recommended its approval:

The Finance and Administration Committee recommends that the Board approve the 2015-17 Legislative Funding Request set forth in Table 1 at page 2 of the docket item titled "Proposed Legislative Funding Request for the 2015-17 Biennium, Executive Summary" [see Tab 5]. In recognition of the iterative HECC process and shared governance considerations, the Committee also recommends that the Board authorize staff, after consultation with the Executive and Audit Committee, to make changes to the 2015-17 Legislative Funding Request between now and the next scheduled Board meeting, in order to comport with subsequent direction from the Higher Education Coordinating Commission."

On a motion moved and seconded, the Board voted to approve the Finance and Administration Committee's recommendations on the 2015-17 Legislative Funding Request and on authorizing staff, after consultation with the Executive and Audit Committee, to make changes in the funding request in order to comport with subsequent direction from the Higher Education Coordinating Commission.

b. Executive & Audit Committee

Chair Reser reported on the February 19, 2014 meeting of the Executive and Audit Committee.

Action Item – Board Policies: She asked Board Secretary Meg Reeves to lead the discussion of proposed governance policies, including editorial changes to the standing committee charges that the Board adopted at its January 9, 2014, meeting. She noted that the policies represented the first group of such policies and that other policies would be developed for the Board's consideration in the future.

Chair Reser noted that the Executive and Audit Committee had voted to recommend the policies to the full Board for adoption. During the discussion that followed, the topics of risk assessment and management and trustee liability were raised. Trustees requested that staff prepare a presentation on risk management for the July or October Board meeting.

Following the discussion, on a motion moved and seconded, the Board voted to approve the Executive and Audit Committee's recommendation and adopted the Board Policies as presented.

Action Item – OSU Mission Statement: President Ray led the discussion of the university's current mission statement. He noted that the mission statement was approved by the State Board of Higher Education and the university's accrediting body, the Northwest Commission on Colleges and Universities. Chair Reser noted that at its February meeting, the Executive and Audit Committee had voted to recommend the OSU mission statement to the full Board for approval.

Following discussion, on a motion moved and seconded, the Board voted to approve the Executive and Audit Committee's recommendation and approved the OSU Mission Statement as presented.

5. Discussion Items

a. Strategic Plan 3.0

Provost and Chief Executive Officer Sabah Randhawa made a presentation on the university's Strategic Plan 3.0, "Climbing the Quality Ladder." After providing an overview of the progress the university has made in relation to its peer institutions for several key metrics, Dr. Randhawa focused his presentation on the strategic plan's three goals: (1) provide a transformative educational experience for all learners; (2) demonstrate leadership in research, scholarship and creativity while enhancing preeminence in OSU's three signature areas of distinction; and (3) strengthen OSU's impact and reach throughout the state and beyond. During the discussion that followed, trustees requested presentations on research and on regional accreditation requirements at future Board meetings.

b. The Campaign for OSU

OSU Foundation Executive Vice President Shawn Scoville gave an update on the Campaign for OSU, announcing that the Campaign had raised more than \$1.14 billion as of February 28, 2014, with 10 months remaining in the fundraising campaign. Mr. Scoville provided an overview of the fundraising activities the Foundation has planned over the next several years and noted that the Campaign for OSU Celebration is scheduled for Friday October 31, 2014, OSU Homecoming Weekend.

6. Public Comments

No public comments were made.

7. Adjournment

With no further business proposed, Chair Reser adjourned the meeting at 1:25 p.m.

Respectfully submitted,

Mark Huey
Assistant Board Secretary



The Board of Trustees of Oregon State University

546 Kerr Administration Building

Corvallis, OR 97331

PHONE: 541-737-3449

<http://oregonstate.edu/leadership/trustees>

To: OSU Board of Trustees
From: Meg Reeves, Board Secretary
Subject: Resolution Regarding Classified Information for the U.S. Department of Defense
Date: July 11, 2014

The attached Resolution is required by the federal Defense Security Service (DSS) in connection with OSU's classified research (conducted under the National Industrial Security Program). The Board Chair must obtain a clearance level, but the rest of the trustees need not obtain a clearance level so long as they are excluded from classified information by resolution. The attached resolution will fulfill that requirement.

Proposed Resolution Regarding Classified Information for the U.S. Department of Defense

The Industrial Security Manual issued by the U.S. Department of Defense requires that owners, officers, and executive personnel of corporations and regents or trustees of colleges and universities whose employees have access to classified materials in the course of working with Department of Defense contracts delegate to others the authority for fulfilling the requirements of the Industrial Security Manual and exclude themselves from access to classified information.

Staff Recommendation to the Board

Staff recommends that the Board adopt the following resolution regarding access to classified information related to the Department of Defense material.

RESOLUTION

That those persons occupying the following positions for Oregon State University shall be known as the Managerial Group as described in the Industrial Security Manual for Safeguarding Classified Information:

Chair, Oregon State University Board of Trustees
President
Vice President for Research
Vice President for Finance and Administration
Facilities Security Officer
Alternate Facilities Security Officer

That the chief executive and the members of the Managerial Group have been processed or will be processed for a personnel clearance for access to classified information to the level of the facility clearance granted to this institution as provided for in the aforementioned Industrial Security Manual.

That said Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the Department of Defense or User Agencies of its Industrial Security Program awarded to Oregon State University.

That the following named officers and members of the Oregon State University Board of Trustees shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of Oregon State University and do not occupy positions that would enable them to affect adversely the policies and practices of Oregon State University in the performance of classified contracts for the Department of Defense or User Agencies for its Industrial Security Program awarded to Oregon State University.

Officers and Board Members
Darald W. Callahan, Vice Chair
Mark B. Baldwin

Patricia M. Bedient
Rani N. Borkar
Michele Longo Eder
Elson S. Floyd
Orcilia Z. Forbes
Paul J. Kelly, Jr.
Brenda C. McComb
Laura L. Earnest Naumes
Taylor D. Sarman
Kirk E. Schueler
Michael G. Thorne

Presidential Evaluation Summary of Considerations/Best Practices

This outline is a synthesis of content taken in its entirety, in many cases verbatim, from the AGB publication, "Assessing Presidential Effectiveness: A Guide for College & University Boards," by Richard L. Morrill.

Best practice – annual and periodic comprehensive reviews under established board policy:

1. Evaluation should be accomplished under systematic and formal methods established by board policy that is developed in consultation with the president.
2. The policy should provide for annual and periodic comprehensive assessment of the President.
3. Evaluation of presidential leadership in this way contributes to the continuous improvement of the president's leadership, the board's engagement and the organization's performance.
4. The basic purposes of the two types of evaluation are the same. They differ in the frequency, emphases, duration, sources and criteria for evaluation.
5. Comprehensive assessments are typically every three to four years. The annual process will typically take up to a month to complete; the comprehensive process will take up to four months.
6. A comprehensive review involves evaluations from a variety of participants at different levels of the organization, while annual reviews typically are limited primarily to the board's and the president's perspectives.
7. Although they may use many of the same criteria, a comprehensive review explores a larger set of contexts and sources more systematically and deeply. As a result, a comprehensive assessment also makes for a fuller exploration of possibilities for leadership development.

Purposes of annual and comprehensive presidential assessment:

1. Basic board responsibility.
2. Provides an appraisal of the president's leadership within the larger goal of contributing to the development of the president's effectiveness and the institution's success.
3. Deepens the communication and relationship between the board and president, and makes the board's expectations explicit.
4. Deepens the president's self-understanding, and enlarges the president's and the board's awareness of the president's impact on others.
5. Expands the board's knowledge of the work of the president and provides a powerful means of monitoring the institution's progress in meeting its strategic goals, which in turn renews the board's sense of engagement and purposefulness.

6. Fulfills requirements for institutional accreditation and satisfies regulations and expectations for accountability.
7. Synthesizes important institutional documents, statements and commitments, and contributes to the continuing work of strategic and integral leadership by anticipating emerging issues.
8. Provides the board with insights concerning the effectiveness of the institution's methods of governance and systems of decision-making, including its own, and thereby contributes to the board's goal of high performance.
9. Demonstrates the board's and the president's commitment to the assessment and development of talent at all levels of the organization.
10. Although not its primary purpose, provides the governing board with relevant information useful in compensation decisions.
11. The process affords the opportunity for the president and the board to consider the effectiveness of the president's service, actions that might strengthen it, how long both parties believe it should continue, and the steps to be followed should it be drawing to a close.

Annual Assessment

1. Establish a board policy for the review in consultation with the president.
2. Base assessment on agreed-upon strategic goals and benchmarks.
3. Make the president's written self-assessment statement the central element in the process.
4. Seek legal counsel on confidentiality and open-meeting/open-record laws to clarify confidentiality in the process.
5. Complete the process in as short a time as possible (about one month).
6. Schedule a private meeting with the president, the chair and other board members (as permissible under Oregon law) to discuss the review. Include a synthesis of board feedback on performance.
7. Use the review process to agree on goals for the coming year.
8. Follow up with appropriate recommendations about compensation adjustments.
9. Review the assessment process each year and make needed changes.
10. Make annual assessments part of a cycle that includes periodic board self-assessments and comprehensive assessment of the president, or comprehensive joint assessment of the president and board.
11. Broad criteria to consider for assessment include academic management and leadership, administrative management and leadership, budget and finance, fundraising, external relations and personal characteristics, through the lens of strategic priorities, measurable goals, annual priorities and goals, critical university processes, key relationships, personal fulfillment and personal issues. A good practice is for the president to propose topics to cover in his annual assessment, with the assigned board committee having an opportunity to review and respond to the proposal.

Proposed Resolution Concerning Authority for Academic Program Approval



Office of the Provost and Executive Vice President
Oregon State University, 624 Kerr Administration Building, Corvallis, Oregon 97331
Phone 541-737-0733 | Fax 541-737-3033

To: Academic Strategies Committee

From: Sabah Randhawa, Provost and Executive Vice President

Date: July 11, 2014

At its May 29, 2014, meeting the committee agreed in concept to recommend to the full Board that it delegate to the Academic Strategies Committee authority to review and approve new academic programs. Attached you will find a draft resolution to achieve that delegation, as well as background material for the full Board.

Proposed Resolution Concerning Authority for Academic Program Approval

Approved by Academic Strategies Committee

July 17, 2014

BACKGROUND

- A. The Board of Trustees assumed full governing authority for Oregon State University, effective July 1, 2014. The Oregon State Board of Higher Education (OSBHE), through its delegation to the Oregon University System (OUS) Academic Strategies Committee, previously had approval for three categories of academic programs: bachelor's, master's, and doctoral programs. Therefore, authority for such program approvals is now vested in the new Board of Trustees as of July 1, 2014. In addition, approval of the Higher Education Coordinating Commission (HECC) is necessary for significant changes to the academic program of the university and for the establishment of new degrees.
- B. Curriculum and program review and approval on campus is a basic function of "shared governance" in which faculty and administration share responsibility. Each program proposal undergoes a number of review steps before the Faculty Senate seeks program approval from the provost. The provost then seeks approval from the governing body. (See Attachment #1, "Flow Chart for Full Category I Proposals for New Academic Programs and Extension of New Programs to OSU-Cascades Campus: Review and Approval Process").
- C. The Oregon State University administration recommends that the Board of Trustees adopt a model of program review similar to the one established by the OSBHE in which the provost, acting through the "shared governance" process, forwards programs to the new OSU governing body—the Board of Trustees. The Board of Trustees delegates authority for program approval to the Academic Strategies Committee. This adopted process would ensure continuity and timeliness of the current flow of academic programs and allow the Board of Trustees to exercise appropriate overview and approval without overburdening the docket of the full Board of Trustees.

RESOLUTION

Now, therefore, be it resolved by the Board of Trustees that the review and approval of the bachelor's, master's, and doctoral programs be delegated to the Academic Strategies Committee (ASC), effective July 1, 2014. The Board directs the ASC to be guided by the template and criteria currently used and adopted by the OSBHE Academic Strategies Committee and by any changes or new criteria that may be adopted by the HECC. Each of the ASC's program approval actions shall be forwarded to the Board of Trustees for informational purposes at the next following Board meeting. To fully implement this delegation, the Board also adopts the amendments to the Academic Strategies Committee Charter that are shown on Attachment #2.

This Resolution supersedes the following OUS policies and IMDs:

1. OUS Policy: New Graduate Programs, External Review Policy
2. OUS Policy: New Instructional Programs, Guidelines for Review of Proposal for the Initiation of a New Instructional Program
3. OUS Policy: New Instructional Programs, Follow-Up Review of External Review
4. OUS IMD 2.015: Approval of New Academic Programs
5. OUS Policy: Academic Degree Program Planning and Implementation Program Development Review
6. OUS Policy: Categories of Instruction, Implementation of Board Policies
7. OUS Policy: Centers and Institutes in OUS

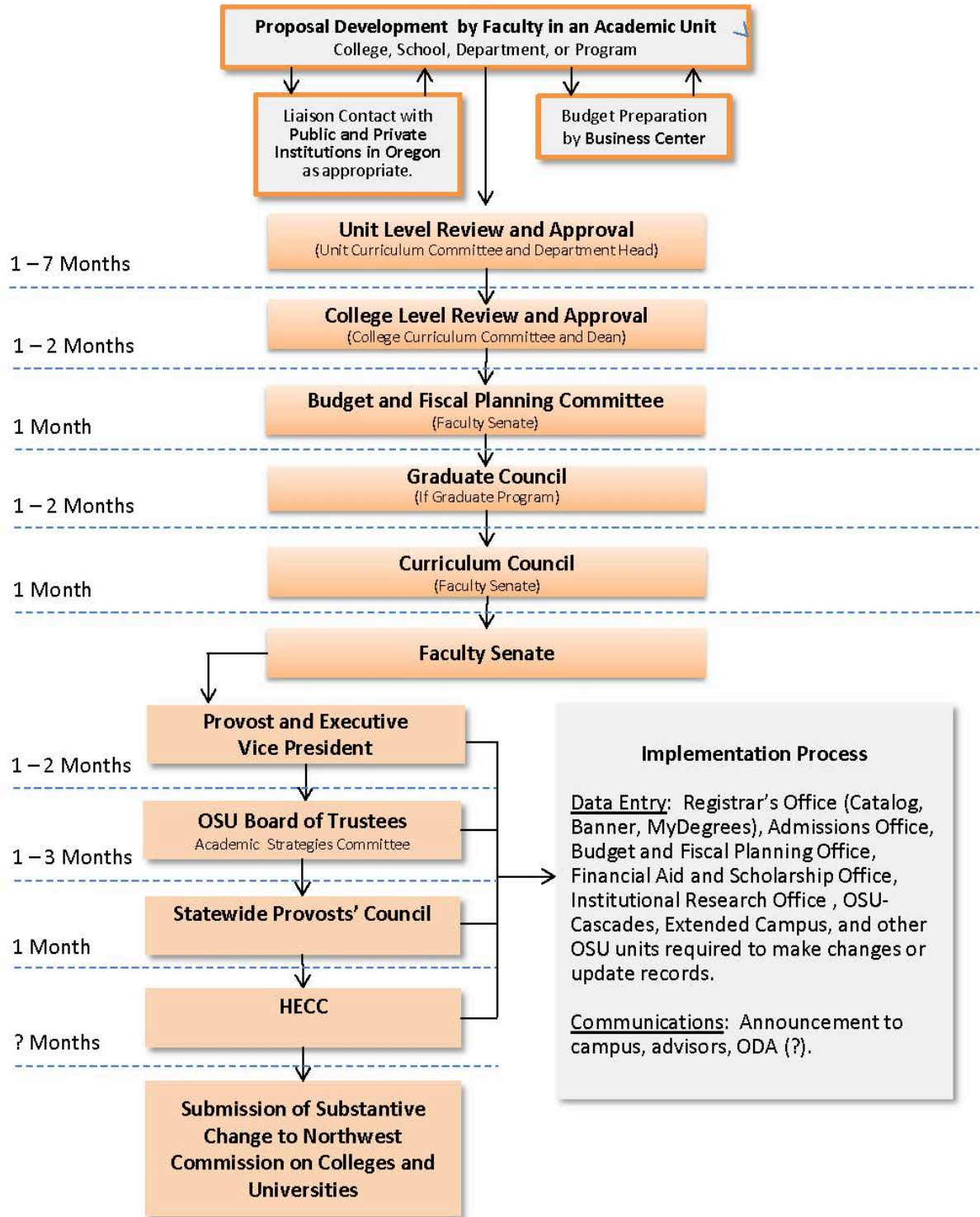
APPROVED:

Secretary to the Board

Date

Proposal

**Oregon State University
Flow Chart for Full Category I Proposals for New Academic Programs and
Extension of New Programs to OSU-Cascades Campus
Review and Approval Process**



Attachment 2

Academic Strategies Committee

The Academic Strategies Committee is established to assist the Board in its oversight of the teaching, research, and public service missions of the University. The Committee consists of the trustees appointed by the Board Chair. The Provost and Executive Vice President and the Vice President for Research are ex officio, non-voting members of the Committee.

The Committee's areas of responsibilities are: (1) assisting the Board to ensure and protect, within the context of faculty shared governance, the educational quality of the University and its academic programs; (2) monitoring progress towards the University's achievement compact and other academic performance measures; (3) reviewing and ~~recommending to the~~ approving major changes to the academic programs of the University, such as the creation, merger, or closure of degree programs, schools, colleges, centers, or institutes within the University; (4) oversight of the University's athletic programs; (5) oversight of University policies regarding student life and conduct, faculty, and academic affairs; (6) oversight of University policies regarding research; (7) oversight of University policies regarding outreach and Extension; and (8) engagement with accrediting bodies. The Committee is responsible for such other matters as may be referred to it by the Board.

The Office of the Provost and Executive Vice President is responsible for providing staff support to the Committee.

Adopted by the Board of Trustees January 9, 2014; amended March 13, 2014

Background Attachment 1



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Policy and Guidelines for New Program Proposals

The academic program is at the core of and animates an institution's mission and the manner in which the institution contributes to a broader portfolio of public universities in Oregon. This policy serves as a mechanism for careful development and quality assurance of new programs, including learning assessment and other metrics for reporting on institutional performance. Further, this policy is consistent with the philosophy and focus of regional accreditation through the Northwest Commission on Colleges and Universities (NWCCU) – i.e., it is integrative, holistic, closely connected to institution mission and planning, and values interconnectedness and interrelationships within the institution and across the state.

Program Description

Each new program proposal must provide a well-rounded description of the program, including its disciplinary foundations and connections; program objectives; programmatic focus; degree, certificate, minor, and concentrations offered; and curriculum. The proposal should address the manner in which the program will be delivered, including program location (if offered outside of the main campus), course scheduling, and the use of technology (for both on-campus and off-campus delivery). Importantly, the proposal must address the ways in which the program will seek to assure quality, access, and diversity.

In addition to the information noted above, each proposal must provide the following specific data in the form provided:

- Anticipated Fall headcount and FTE enrollment over each of the next 5 years
- Expected degrees/certificates produced over the next 5 years
- Characteristics of students to be served (resident/nonresident/international; traditional/nontraditional; full-time/part-time; etc.)
- Adequacy and quality of faculty delivering the program
- Faculty resources – full-time, part-time, adjunct
- Other staff
- Facilities, library, and other resources
- Anticipated start date
- Proposed CIP number

Relationship to Mission and Goals

Reflecting both HECC and NWCCU policy, the proposal must clearly identify the program's connection to HECC and institutional goals for access, student learning, research and/or scholarly work, and

service. The proposal should articulate the manner in which the program reflects the institution's strategic priorities and signature areas of focus. Finally, the proposal should place the program in the larger state context by describing how the program meets the needs of Oregon and enhances the state's capacity to respond effectively to social, economic, and environmental challenges and opportunities.

Accreditation

If applicable, the proposal should identify any accrediting body or professional society that has established standards in the area in which the program lies, and characterize the program's ability to meet professional accreditation standards. If the program does not or cannot meet those standards, the proposal should identify the area(s) in which it is deficient and indicate the steps needed to qualify the program for accreditation and the date by which it would be expected to be fully accredited.

If the proposed program is a graduate program in which the institution offers an undergraduate program, the proposal should indicate whether or not the undergraduate program is accredited and, if not, what would be required to qualify it for accreditation.

More broadly, if accreditation is a goal for the proposed program, the proposal should indicate the steps that are being taken to achieve accreditation. If the program is not seeking accreditation, the proposal should indicate why it is not.

Need

The proposal must provide a clear statement of market demand for the program. In cases in which the program's location is shared with another similar program in the state, the proposal should provide externally validated evidence of need (e.g., surveys, focus groups, documented requests, occupational/employment statistics and forecasts, etc.). In addition to market demand, the proposal may also address the ways in which the program serves the need for improved educational attainment in the region and state, as well as the civic and cultural demands of citizenship.

Outcomes and Quality Assessment

Each proposal must clearly identify expected learning outcomes and the means by which outcomes will be assessed and used to improve the curriculum and instruction. The proposal should also address program performance indicators, including prospects for success of program graduates – employment or graduate school (if an undergraduate program) – and consideration of licensure, if appropriate.

In addition to addressing learning outcomes, the proposal should indicate the nature and level of research and/or scholarly work expected of program faculty, along with indicators of success in those areas.

Program Integration and Collaboration

To provide an opportunity to review the potential for integration and collaboration, the proposal should identify all other closely related public and private college and university programs. The proposal

should articulate the ways in which the program complements other similar programs in other Oregon institutions and other related programs at this institution, and the potential for collaboration. If applicable, the proposal should state why this program may not be collaborating with existing similar programs. Finally, the proposal should describe the potential impacts on other programs in the areas of budget, enrollment, faculty workload, and facilities use.

Financial Sustainability

Each new program proposal must include a business plan that anticipates and provides for the long-term financial viability of the program. The specific information (some of which may be included in the accompanying forms) will include:

- Anticipated annual program expenses over the next five years
- Anticipated annual program revenues over the next five years
- External sources of funds
- Projected faculty resources over the next five years; ability to recruit and retain faculty
- Targeted student/faculty ratio
- Resources to be devoted to student recruitment
- Graduate assistantships and fellowships, if applicable
- Plans for assuring adequate library support over the long term
- Development and maintenance of unique resources (buildings, laboratories, technology) necessary to offer a quality program in this field

External Review

All proposals for new graduate programs must include a review by external program faculty and administrators. The provost of the institution shall be responsible for having in place a campus process for doing so. The results from the external review and appropriate institutional response to the review will be included in the proposal as it moves through the subsequent steps in the approval process.

Note: Undergraduate programs do not require an external review.

Forms for Institution Submission

The form, *Proposal for a New Academic Program*, provides a template for institution submission of new academic program proposals. In addition, the *Budget Outline form*, containing estimated costs and sources of funds for the proposed program, must be attached to the proposal.

Guidelines and questions for external reviews are contained in *External Review of New Graduate Level Academic Programs*.

Revised 7/14 – hhs



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External Review of New Graduate Level Academic Programs

Background

Each university requesting a new graduate level professional or graduate degree program must complete an external review of the proposed program.¹ The purpose of the external review is to consider the proposed program in relation to goals for quality, access, employability, cost effectiveness, and equity, diversity and inclusion, and to include evaluation that uses the following criteria:

- 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.

The External Review Panel

The external review process for a proposed new graduate level degree program may 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.

Institutions may consider virtual or hybrid reviews in place of on-site reviews under the following guidelines:

- (1) If the proposed program is an online program;
- (2) If the proposed program has minimal special facilities associated with it;
- (3) If the proposed program has the need for an expedited timeline for needed approval; and
- (4) If the proposed program is closely related to an existing program (i.e., not a completely new area for the proposing institution).

¹ By agreement with the Provosts' Council, the review requirement may be modified or waived if the proposed degree program is closely related to an institution's authorized existing program; for example, adding a Master of Engineering in Civil Engineering where the Master of Science in Civil Engineering is already in place.

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 (if applicable), 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. The external review report and any institutional responses will be included in the program proposal submitted for Provosts' Council consideration.

External Review Panel Responsibility

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 provost or 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 the present and projected future contexts, addressing program elements, faculty, need, and resources.

1. Program

- a. The program objectives and requirements; the mechanisms for program administration and assessment.
- b. The program's alignment with the institution's mission and strategic objectives.
- c. 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.
- d. 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.
- e. The justification in terms of state needs, demand, access, and cost effectiveness (if this program represents duplication within the state).

- f. The probable impact of the program on the department or academic unit, as well as its effect on current programs.
- g. The program's major strengths and weaknesses.

2. Faculty

- a. 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.
- b. 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.
- c. Areas of faculty strength and weakness.
- d. Faculty workload, including availability for student advising, research oversight, mentoring, and teaching effectiveness.
- e. The credentials, involvement of, and reliance upon support faculty from other departments within the institutions, from other institutions, and/or adjunct faculty.

3. Need

- a. The evidence that there is significant demand for this program.
- b. The evidence of sufficient and relevant employment opportunities for graduates of this program.
- c. The overall need for the program within the institution, the Oregon University System, state and/or region, and nation.

4. Resources

- a. The adequacy of library, computer, laboratory, and other research facilities and equipment; offices; classrooms; 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).
- b. 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).
- c. 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).
- d. Institution leaders' commitment to this program in the long term.
- e. The institution's ability to sustain the program in the foreseeable future along with its current and future projected commitments.



HIGHER EDUCATION
COORDINATING
COMMISSION

Proposal for Delivery of an Existing Program to a New Location

1. Program Description

- a. Program title, level, and delivery sites.
- b. Department and school/college that would offer the program. Include the name of the institution program coordinator.
- c. Briefly describe the academic program. List all course titles, including number of credits.
- d. Indicate in what ways the proposed program at the new location(s) will differ from the on campus program.
- e. List any special requirements or prerequisites for admission to the program at the new location(s).
- f. Is there an accrediting agency or professional society that has established standards for this program? If so, is the program currently accredited? If accredited, what steps would be needed to accredit the program at the proposed new location(s)?
- g. Provide evidence of consultation with other public universities regarding non-duplication with similar programs offered in the same region, or ones that will cause undue hardship to another institution's home region.

2. Demand

- a. List any similar programs offered at the proposed or nearby location(s).
- b. Provide evidence of need for the program at the new location(s).
- c. Estimate enrollment and number of graduates over the next five years. Will any enrollment limitation be imposed? If so, how will those to be enrolled be selected?

3. Personnel

- a. List the names and qualifications of faculty (regular and adjunct) who will be involved in delivering the program to the proposed location(s). Will new faculty be needed?
- b. Estimate the number and type of support staff needed to provide the program at the new location(s).

4. Other Resources

- a. Describe facilities (e.g., buildings, labs, equipment) necessary to offer the program at the new location(s).
- b. Indicate how library needs will be met.
- c. Indicate how students at the new location(s) will receive student services (e.g., academic advising, financial aid assistance, course registration, access to book/text purchases).

5. Alternative Delivery Methods/Formats

- a. Are alternative delivery methods being used (e.g., distance learning or technology-enhanced)? Please describe.
- b. Will this program be delivered in an alternative format (e.g., weekend, evening, on-site)? Please describe.

6. Budgetary Impact (*see Budget Outline form*)

- a. Indicate the estimated cost of the program for the first four years of its operation.
- b. If grant funds are required to launch the program, what does the institution propose to do with the program upon termination of the grant?
- c. Will the allocation of going-level budget funds in support of the program have an adverse impact on any other institutional program, including the on-campus program? If so, in what ways?
- d. If the program will be financed from existing resources, specifically state:
 - i. What the budgetary unit will be doing as a result of the new program that is not now done, in terms of additional activities.
 - ii. What these new activities will cost and whether financed or staffed by shifting of assignments within the budgetary unit or reallocation of resources within the institution. State which resources will be moved and how this will affect those programs losing resources.

Revised 7/14 – hhs

Budget Outline Form: Year 1

Estimated Costs and Sources of Funds for Proposed Program

Total new resources required to handle the increased workload, if any. If no new resources are required, the budgetary impact should be reported as zero

Institution: _____
 Program: _____

Academic Year: _____

	Column A	Column B	Column C	Column D	Column E	Column F
	From Current Budgetary Unit	Institutional Reallocation from Other Budgetary Unit	From Special State Appropriation Request	From Federal Funds and Other Grants	From Fees, Sales and Other Income	LINE ITEM TOTAL
Personnel						
Faculty (Include FTE)						
Graduate Assistants (Include FTE)						
Support Staff (Include FTE)						
Fellowships/Scholarships						
OPE						
Nonrecurring						
Personnel Subtotal						
Other Resources						
Library/Printed						
Library/Electronic						
Supplies and Services						
Equipment						
Other Expenses						
Other Resources Subtotal						
Physical Facilities						
Construction						
Major Renovation						
Other Expenses						
Physical Facilities Subtotal						
GRAND TOTAL						

Budget Outline Form: Year 2

Estimated Costs and Sources of Funds for Proposed Program

Total new resources required to handle the increased workload, if any. If no new resources are required, the budgetary impact should be reported as zero

	Column A	Column B	Column C	Column D	Column E	Column F
	From Current Budgetary Unit	Institutional Reallocation from Other Budgetary Unit	From Special State Appropriation Request	From Federal Funds and Other Grants	From Fees, Sales and Other Income	LINE ITEM TOTAL
Personnel						
Faculty (Include FTE)						
Graduate Assistants (Include FTE)						
Support Staff (Include FTE)						
Fellowships/Scholarships						
OPE						
Nonrecurring						
Personnel Subtotal						
Other Resources						
Library/Printed						
Library/Electronic						
Supplies and Services						
Equipment						
Other Expenses						
Other Resources Subtotal						
Physical Facilities						
Construction						
Major Renovation						
Other Expenses						
Physical Facilities Subtotal						
GRAND TOTAL						

Budget Outline Form: Year 3

Estimated Costs and Sources of Funds for Proposed Program

Total new resources required to handle the increased workload, if any. If no new resources are required, the budgetary impact should be reported as zero

	Column A	Column B	Column C	Column D	Column E	Column F
	From Current Budgetary Unit	Institutional Reallocation from Other Budgetary Unit	From Special State Appropriation Request	From Federal Funds and Other Grants	From Fees, Sales and Other Income	LINE ITEM TOTAL
Personnel						
Faculty (Include FTE)						
Graduate Assistants (Include FTE)						
Support Staff (Include FTE)						
Fellowships/Scholarships						
OPE						
Nonrecurring						
Personnel Subtotal						
Other Resources						
Library/Printed						
Library/Electronic						
Supplies and Services						
Equipment						
Other Expenses						
Other Resources Subtotal						
Physical Facilities						
Construction						
Major Renovation						
Other Expenses						
Physical Facilities Subtotal						
GRAND TOTAL						

Budget Outline Form: Year 4

Estimated Costs and Sources of Funds for Proposed Program

Total new resources required to handle the increased workload, if any. If no new resources are required, the budgetary impact should be reported as zero

	Column A	Column B	Column C	Column D	Column E	Column F
	From Current Budgetary Unit	Institutional Reallocation from Other Budgetary Unit	From Special State Appropriation Request	From Federal Funds and Other Grants	From Fees, Sales and Other Income	LINE ITEM TOTAL
Personnel						
Faculty (Include FTE)						
Graduate Assistants (Include FTE)						
Support Staff (Include FTE)						
Fellowships/Scholarships						
OPE						
Nonrecurring						
Personnel Subtotal						
Other Resources						
Library/Printed						
Library/Electronic						
Supplies and Services						
Equipment						
Other Expenses						
Other Resources Subtotal						
Physical Facilities						
Construction						
Major Renovation						
Other Expenses						
Physical Facilities Subtotal						
GRAND TOTAL						

Background Attachment 2

**Oregon State University
New Academic Degree Program Proposals**

Proposal	Purpose	Academic Unit(s)
<i>Proposals Currently Under Review</i>		
MS, MEng, PhD in Robotics	New: Graduate Degree Program	School of Mechanical, Industrial, and Manufacturing Engineering; College of Engineering
BA, BS in Religious Studies	New: Undergraduate Degree Program	School of History, Philosophy, and Religion; College of Liberal Arts
PhD in Women, Gender, and Sexuality Studies	New: Graduate Degree Program	School of Language, Culture, and Society; College of Liberal Arts
MA in Environmental Arts and Humanities	New: Graduate Degree Program	College of Liberal Arts
BS in Hospitality Management	New: Undergraduate Degree Program (Offered Exclusively at OSU-Cascades)	College of Business and OSU-Cascades Branch Campus
MA, MS in Communication	New: Graduate Degree Program	School of Arts and Communication; College of Liberal Arts
<i>Proposals in Preparation for 2014-15 Submission</i>		
Bachelor of Music	New: Undergraduate Degree Program	School of Arts and Communication; College of Liberal Arts
MS in Kinesiology	New: Graduate Degree Program	School of Biological and Population Health Sciences; College of Public Health and Human Sciences
BA in World Languages and Cultures	New: Undergraduate Degree Program; Undergraduate Options in French, German, and Spanish	School of Language, Culture, and Society; College of Liberal Arts

New Academic Programs Approved 2011-2014

Division of Arts and Sciences <ul style="list-style-type: none"> • PhD in Public Policy • MFA in Creative Writing (low residency programs at OSU Cascades) • BA/BS in Social Science (offered at OSU Cascades) 	Division of Business and Engineering <ul style="list-style-type: none"> • BFA in Graphic Design • BS in Accountancy (offered at OSU Cascades) • MS, MEng, and PhD in Environmental Engineering • BA and BS in Innovation Management
Division of Earth Sciences <ul style="list-style-type: none"> • BS in Sustainability (Double Degree) 	Division of Health Sciences <ul style="list-style-type: none"> • MS and PhD in Comparative Health Sciences

Background Attachment 3

**DESCRIPTIONS OF OUS POLICIES AND IMDs
SUPERSEDED BY THE BOARD OF TRUSTEES' RESOLUTION DELEGATING AUTHORITY TO THE
ACADEMIC STRATEGIES COMMITTEE
JULY 18, 2014**

Resolution: Authority for Academic Program Approval

1. OUS Policy: NEW INSTRUCTIONAL PROGRAMS, GUIDELINES FOR REVIEW OF

This OUS policy details the format and approval process used for approval of new programs.

The proposed OSU resolution for the authority for academic program approval proposes this responsibility be delegated to the Board's Academic Strategies Committee.

2. OUS Policy: NEW GRADUATE PROGRAMS, EXTERNAL REVIEW POLICY FOR

This OUS policy requires that any new graduate program request be accompanied by an external review report. The report is done by experts in the field and provides the provost, dean, and unit proposing the new program an assessment of the program.

External reviews for graduate programs are already incorporated as part of OSU's standard faculty approval process for graduate programs, and, therefore, it is not necessary to have this mandated by OSU board policy.

3. OUS Policy: NEW INSTRUCTIONAL PROGRAMS, FOLLOW-UP REVIEW OF EXTERNAL REVIEW

This OUS policy is merely a reaffirmation of the policy listed above (OUS Policy: NEW GRADUATE PROGRAMS, EXTERNAL REVIEW POLICY FOR).

4. OUS IMD 2.015: Approval of New Academic Programs

This OUS IMD (Internal Management Directive) allows the OUS Chancellor and the OSBHE the authority to approve new academic degree programs.

This authority is now vested in the HECC.

5. OUS Policy: ACADEMIC DEGREE PROGRAM PLANNING AND IMPLEMENTATION PROGRAM DEVELOPMENT REVIEW

This OUS policy allowed the OSBHE 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. The process enables the Oregon State Board of Higher Education to exercise its policy role by balancing system and campus considerations, mindful of the

efficient use of resources.

This authority is now vested in the HECC.

6. OUS Policy: CATEGORIES OF INSTRUCTION, IMPLEMENTATION OF BOARD POLICIES

This OUS policy identifies the four categories of instructional programs that 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.

The proposed OSU resolution would give the OSU Board (delegated to the Academic Strategies Committee) the authority for academic program approval.

7. OUS Policy: CENTERS AND INSTITUTES IN OUS

This OUS policy gives institutions the authority to establish centers and institutes that do not grant degrees, consistent with their role and mission.

OSU has an internal process for the establishment of centers. These would not come to the Board for approval.

Proposed OSU Fiscal Year 2014-15 Operating Budgets

Context for Proposed Operating Budgets for Fiscal Year 2014-15

Under the Oregon University System (OUS), the Oregon State Board of Higher Education (OSBHE) approved university operating budgets based on revenue² estimates. A primary purpose of the budget approval process was to allocate state appropriations among the seven universities. The universities then relied upon their internal management to establish processes for developing the more detailed revenue and departmental expense budgets. The OUS Chancellor's Office staff then provided the OSBHE with quarterly management reports and analyses, highlighting variances that needed explanation or elevated monitoring.

At Oregon State University, the practice for the Education and General Fund operating budget has been to use the major projected revenues (state funding, tuition, indirect cost recovery) and primary expenditure assumptions (planned salary increases, anticipated health and retirement costs increases, utility increases, etc.) to derive funds available for programs, initiatives, or to increase reserves. Self-support units (auxiliaries, service centers, and designated operations) and restricted funds (gifts, grants, and contracts) are expected to spend only available resources. After this initial budget allocation is developed, the Office of Budget & Fiscal Planning works with individual units and Business Centers to determine the distribution of that budget between the line item amounts (salaries, wages, benefits, supplies and services) allocated to individual departments. That detail is then loaded into the Banner administrative software where it drives subsequent monitoring. The finalization of the detailed budgets typically occurs in the September-October timeframe.

Today's discussion will review the proposed Fiscal Year 2014-15 (FY15) Operating Budgets for Board consideration and approval. Staff will subsequently use these budgets to finalize the detailed departmental budgets. Those detailed budgets will become the underlying data in the subsequent quarterly management reports. With the transition to our independent governance structure, the budget proposal has been expanded to include all operating funds and expenditure estimates as well as revenue estimates. To better understand the nature of the operating funds, here are some brief definitions:

Fund Accounting³ and Principal OSU Operating Funds

Fund accounting is the process by which financial resources are classified in accordance with their intended use and purpose. For example, resources are classified so that they comply with activities or objectives as specified by donors, regulations, restrictions, or limitations imposed by sources outside the institution; or with directions issued by the governing board. Although fund-based reporting is no longer required in general purpose external financial statements, the vast

² At one time, the state imposed an "expenditure limitation" on resources other than state appropriations, primarily tuition revenues. This was extremely cumbersome, particularly in times of enrollment growth. If tuition revenues were exceeding initial projections, universities were prohibited from expending those resources to serve current students until such time as they went before the legislature (usually the Emergency Board that met quarterly) to request and receive increased expenditure limitation. With the passage of SB 242 (2011), public universities were no longer subject to expenditure limitation on any operating funds.

³ NACUBO (National Association of College and University Business Officers) *Essentials of College and University Accounting*, 2006.

majority of institutions still rely on fund accounting to manage resources and facilitate stewardship.

Education and General Fund

- Unrestricted current funds expendable for any purpose in performing the primary objectives of the institution (instruction, research, and public service).

Self-Support Funds

- Auxiliary Enterprises – Activities that furnish goods or services to students, faculty or staff (and in some cases the public), and charge fees directly related to (although not necessarily equal to) the cost of the goods or services. Auxiliaries are managed as essentially self-supporting operations. OSU's principal auxiliaries include:
 - Housing and Dining
 - Student Centers and Activities
 - Athletics
 - Health Services
 - Transportation and Parking Services
- Service Centers – Activities that furnish goods or services to other university departments and charge fees directly related, and—over time—equal to, the cost of the goods or services; managed as a self-supporting activity that must break even over time and that primarily serves other institutional units rather than individual faculty or students. OSU Service Centers include:
 - Telecommunications, Networks, Client Services and Computer Helpdesk
 - Printing and Mailing
 - Motor Pool
 - Operations such as the Campus ID System, Animal Isolation Lab, Lab Animal Services, Chemistry Stores, Surplus Property, Mass Spectrometer, Electron Microscopy, and others
- Designated Operations – Activities related to instruction and public service where 80% or greater of the revenue is derived from external sources. Examples include the non-credit instruction portion of field trips and international education, community education (non-credit conferences, workshops, seminars) and public service (testing services). OSU Designated Funds are expected to operate as self-supporting activities. Examples include the OSU Press, the Seed Certification Lab, and International Study Abroad Programs.

Restricted Funds

- Resources expendable for operating purposes but restricted by donors or other outside entities (such as federal and state governments/agencies) to a specific purpose. Restricted gifts, grants, and contracts tend to have stringent external reporting requirements and are expended only to the extent of available resources.

Summary and Recommendation: OSU FY 2014-15 Operating Budgets

The Board of Trustees is charged with reviewing and approving Oregon State University's annual operating budgets. The budgets support the educational, research, and outreach goals of OSU's Strategic Plan 3.0 (<http://oregonstate.edu/leadership/strategicplan/phase3>). Figure 1 shows some key metrics for the university with projections for 2014-15.

Operating Budget

For the fiscal year July 1, 2014 through June 30, 2015, OSU proposes operating budgets (Tables 1a, 1b, 1c) with three principal components:

- Education and General (E&G) Funds in support of education, research, and outreach work by staff on the Corvallis campus, on the Bend campus, and in the Statewide Public Services. The revenue budget is projected at \$538.7 million, with projected expenditures of (\$528.3 million) and net transfers of (\$6.4 million). The projected fund balance change is plus \$4.0 million.
- Self-support Funds that operate major auxiliaries (Athletics, Housing & Dining), designated operations, and service centers. The revenue budget is projected at \$196.6 million, with projected expenditures of (\$191.0 million) and net transfers of \$0.9 million, for a net change in unrestricted assets of \$6.4 million.
- Restricted Funds that include expenditures from externally funded grants and contracts, and gift expenditures from the OSU Foundation and other entities. Revenues and expenses are always near balanced in these funds as expenditures are limited by revenue. 2014-15 revenues are projected to be \$288.0 million, expenditures (\$288.0 million), and net transfers at (\$0.95 million).

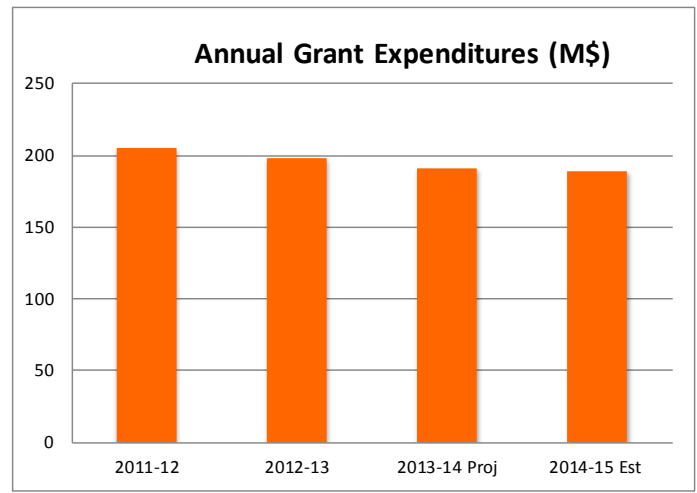
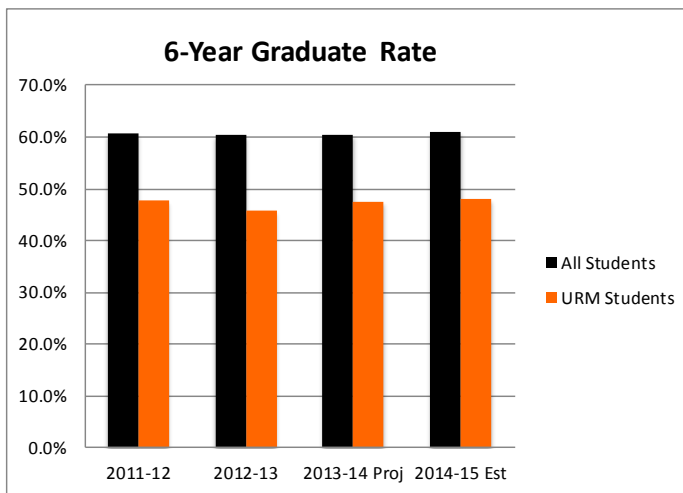
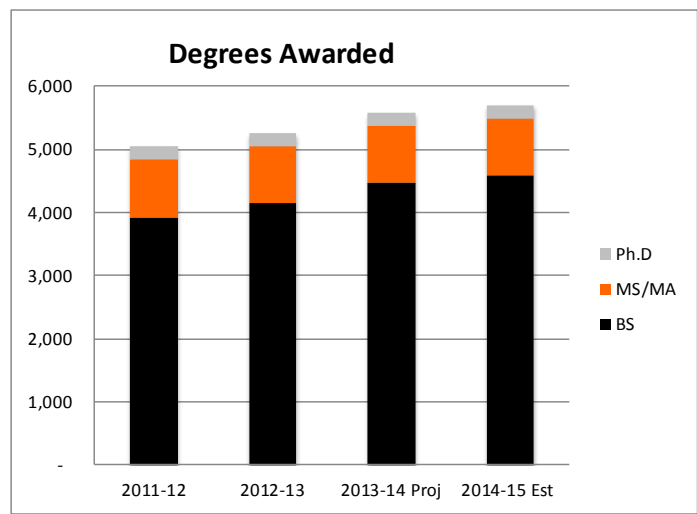
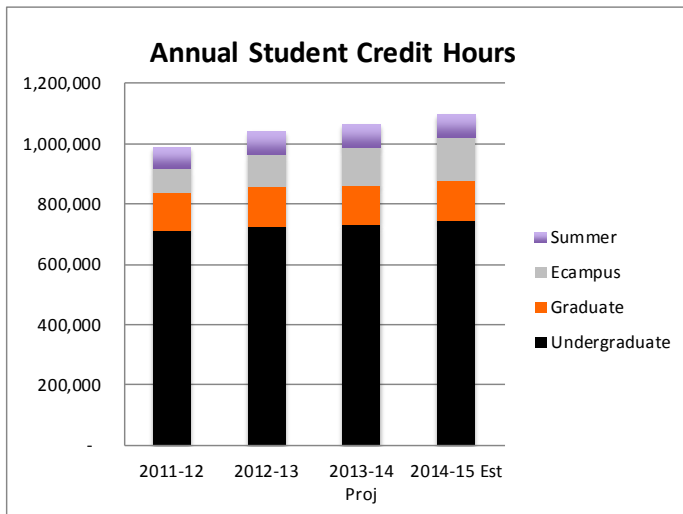
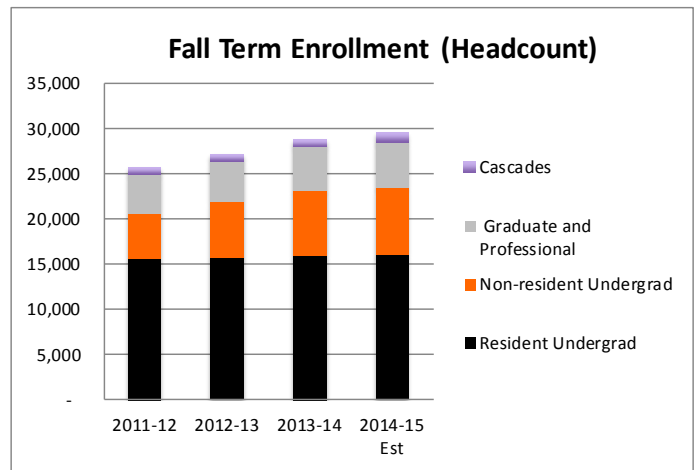
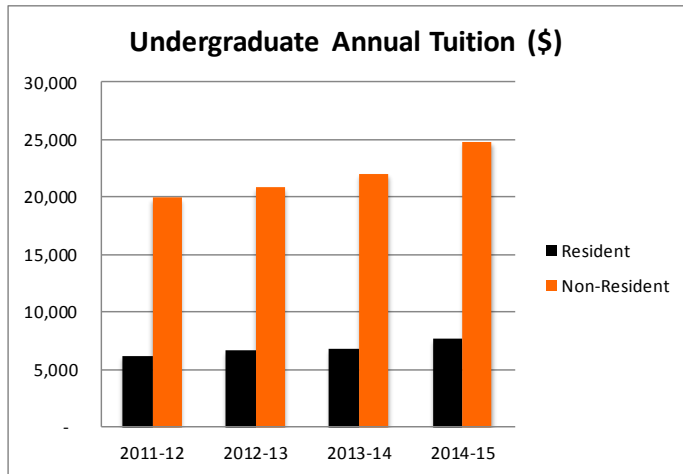
The major changes in revenue come from:

- The change in the undergraduate tuition plateau and increases in tuition rates for graduate and professional programs
- Full funding of the two tuition buy-downs authorized by the legislature and the standard increase on other state funds in the second year of the biennium of about 4%
- Modest increases in sales and service income in various funds

The major increases in expenditures are due to:

- Full year funding of a 3% mid-year across-the-board raise for unclassified staff on January 1, 2014 and a 3% merit raise effective July 1, 2014 for unclassified staff
- Approximately 3% increases in the costs of classified staff as defined by the collective bargaining agreement
- Increases in benefits including health insurance, graduate remissions, and costs of revised agreements with the Coalition of Graduate Employees
- New faculty and staff hires to address increased student numbers and transition of major governance functions to OSU

**Figure 1: Key Metrics Related to Revenues and Expenditures at Oregon State University
Past two years actuals, current year and next year projected**



Budget Explanatory Notes

Oregon State University, like most colleges and universities, uses fund accounting. Fund accounting recognizes the diversity of sources and purposes of revenues, and emphasizes accountability for the proper use of those revenues. Each fund type is self-balancing and has its own revenues, expenditures, assets, liabilities, and fund balance.

Fund Types

Education and General Funds: E&G funds come principally from state allocations and tuition and fees paid by students. They also include indirect costs paid by external grants and contracts (termed Finance and Administrative or F&A costs) to defray the added costs of providing support for funded research projects; and miscellaneous sources of income such as interest, sales and services fees within academic units. The E&G funds provide the primary support for the instructional, academic support, institutional management, outreach and engagement, and some research activities of the university.

Self-Support Funds: Self-support funds are for units that are expected to generate revenues sufficient to cover most of their expenses. OSU defines three kinds of self-support operations:

- **Auxiliary Enterprises**: Self-sustaining units which provides goods or services primarily to students, faculty, and staff as individuals. They charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. The general public may be served incidentally by auxiliary enterprises. Examples of Auxiliary Enterprises at OSU include University Housing & Dining Services, Athletics, Student Health Services and Parking.
- **Service Centers**: Self-sustained activities which provide goods or services to the academic university community. No more than 20% of revenue may be from external sales. Examples of Service Centers at OSU include Telecom, Printing & Mailing, Motor Pool and Surplus Property.
- **Designated Operations**: Self-sustaining activities related to instruction and public service where 80% or greater of the revenue is derived from external sources. Examples include non-credit instruction portion of field trips and international education, community education (non-credit conferences, workshops, seminars) and public service (testing services).

Restricted Funds: Restricted funds are provided to the University for specific purposes and projects. The two most common types are grants or contracts from Federal, State, and private foundations for research and scholarship projects and gift funds distributed from the OSU Foundation and other endowments for scholarships, endowed professorships, research projects, and other specifically designated activities.

Revenue and Expense Categories

The summary budget reports in Table 1 include the following components:

Revenue

- **State General Fund:** Appropriations authorized by the State of Oregon. These include funds for general operations of the University as well as funds designated for specific university functions such as the Statewide Public Services and the Oregon Climate Change Research Institute
- **Tuition and Resource Fees, Net of Waivers:** These are tuition and fee charges to students, less waivers of tuition made as financial aid. Tuition waivers are the principal form of institutional financial aid provided to undergraduates
- **Other:** These include the F&A costs paid by grants, sales and service income generated within Departments and Colleges outside designated operations, and interest income from various University accounts
- **Enrollment Fees:** Some student fees are directed to self-support operations such as the Memorial Union and Student Health Services
- **Sales & Service:** Many of the self-support operations sell goods and services to the university community and the general public. Examples include ticket sales in Athletics, dining hall revenues, and housing contract charges
- **Other:** The self-support operations have other sources of revenues including charges to other university units, interest revenue, and lottery proceeds
- **Federal Restricted Funds:** Awards from Federal agencies for research and scholarship projects
- **State Restricted Funds:** Awards from State agencies for research and scholarship projects
- **Other Restricted Funds:** Research grants or contracts from other government entities, private foundations, and other universities

Expenditures

- **Personnel Services:** These include salaries for classified (represented) staff, unclassified staff, students, and graduate assistants and benefits including retirement, health insurance, taxes, graduate remissions
- **Supplies & Services and Capital Outlay:** Office expenses, utilities, telecommunications, assessments, debt payments, non-capital equipment, capitalized equipment

Other Adjustments

- **Transfers in:** Transfer from other funds in support of operations
- **Transfers out:** Transfers to plant funds or other funds in support of operations
- **Other Additions/Deductions:** Transfers for building and equipment reserves and some debt-related fund reductions

**Finance & Administration Committee Recommendation to the Board – OSU
Fiscal Year 2014-15 Operating Budgets**

The Finance and Administration Committee recommends to the Oregon State University Board of Trustees for approval the proposed Fiscal Year 2014-15 operating budgets as presented in Tables 1a through 1c, which follow.

Oregon State University
Annual Budget Proposal

For the Fiscal Year Ending June 30, 2015

Table Ia

(Unaudited, for management purposes only)

EDUCATION & GENERAL (Corvallis, Cascades, Statewide Public Services)

(in thousands except enrollment)	2012	2013	2014	2015	2012-13	2013-14	2014-15
	Actual	Actual	Projection	Budget	% Chg.	% Chg.	% Chg.
State General Fund	\$123,986	\$130,737	\$140,327	\$150,328	5%	7%	7%
Tuition & Resource Fees, Net of Waivers	224,334	254,859	290,497	314,523	14%	14%	8%
Other	75,072	74,883	73,832	73,888	0%	-1%	0%
Total Revenues	423,392	460,479	504,656	538,739	9%	10%	7%
Personnel Services	(337,213)	(362,163)	(388,640)	(409,884)	7%	7%	5%
Supplies & Services and Capital Outlay	(108,074)	(103,369)	(106,903)	(118,432)	-4%	3%	11%
Total Expenditures	(445,287)	(465,532)	(495,543)	(528,316)	5%	6%	7%
Net from Operations	(21,895)	(5,053)	9,113	10,423			
Transfers In	814	1,069	2,537	1,226	31%	137%	-52%
Transfers Out	(2,327)	(3,833)	(8,932)	(7,600)	65%	133%	-15%
Fund Additions/(Deductions)	0	0	0	0			
Change in Fund Balance	(23,408)	(7,817)	2,718	4,049			
Beginning Fund Balance	70,960	47,552	39,735	42,453			
Ending Fund Balance	\$47,552	\$39,735	\$42,453	\$46,502	-16%	7%	10%
Full Board							
Fund Balance as % of Revenue	11.2%	8.6%	8.4%	8.6%			

Docket
Oregon State University
Annual Budget Proposal

(Unaudited, for management purposes only)

July 18, 2014
Table 1b

For the Fiscal Year Ending June 30, 2015

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments

(in thousands except enrollment)	2012 Actual	2013 Actual	2014 Projection	2015 Budget	2012-13 % Chg.	2013-14 % Chg.	2014-15 % Chg.
Enrollment Fees	\$29,649	\$32,015	\$32,260	\$33,636	8%	1%	4%
Sales & Services	98,843	111,479	116,556	\$122,550	13%	5%	5%
Other	33,595	38,762	32,855	\$40,427	15%	-15%	23%
Total Revenues	162,087	182,256	181,671	196,613	12%	0%	8%
Personnel Services	(64,243)	(76,749)	(85,448)	(97,382)	19%	11%	14%
Supplies & Services and Capital Outlay	(83,468)	(87,031)	(88,823)	(93,665)	4%	2%	5%
Total Expenditures	(147,711)	(163,780)	(174,271)	(191,047)	11%	6%	10%
Net from Operations	14,376	18,476	7,400	5,566			
Transfers In	2,332	1,238	7,139	5,435	-47%	477%	-24%
Transfers Out	(5,316)	(4,379)	(2,135)	(4,575)	-18%	-51%	114%
Additions/(Deductions) to Unrestricted Net Assets	(4,921)	(7,129)	(4,800)	0			
Change in Unrestricted Net Assets	6,471	8,206	7,604	6,426			
Beginning Unrestricted Net Assets	41,568	48,039	56,245	63,849			
Ending Unrestricted Net Assets	\$48,039	\$56,245	\$63,849	\$70,275	17%	14%	10%
Fund Balance as % of Revenue	29.6%	30.9%	35.1%	35.7%			

Oregon State University
Annual Budget Proposal

For the Fiscal Year Ending June 30, 2015

Table 1c

(Unaudited, for management purposes only)

RESTRICTED FUNDS

	2012	2013	2014	2015	2012-13	2013-14	2014-15
(in thousands except enrollment)	Actual	Actual	Projection	Budget	% Chg.	% Chg.	% Chg.
Federal	\$207,430	\$205,284	\$206,000	\$198,975	-1%	0%	-3%
State	13,021	13,934	14,000	13,265	7%	0%	-5%
Other	72,599	78,203	80,000	75,800	8%	2%	-5%
Total Revenues	293,050	297,421	300,000	288,040	1%	1%	-4%
Personnel Services	(120,494)	(115,490)	(120,000)	(115,216)	-4%	4%	-4%
Supplies & Services and Capital Outlay	(173,857)	(177,404)	(180,000)	(172,824)	2%	1%	-4%
Total Expenditures	(294,351)	(292,894)	(300,000)	(288,040)	0%	2%	-4%
Net from Operations	(1,301)	4,527	0	0			
Transfers In	196	373	300	350	90%	-20%	17%
Transfers Out	(271)	(1,495)	(1,200)	(1,300)	452%	-20%	8%
Change in Restricted Net Assets	(1,376)	3,405	(900)	(950)			
Beginning Restricted Net Assets	14,526	13,150	16,555	15,655			
Ending Restricted Net Assets	\$13,150	\$16,555	\$15,655	\$14,705	26%	-5%	-6%
Fund Balance as % of Revenue	4.5%	5.6%	5.2%	5.1%			



Fiscal Year 2014-15 Operating Budget

OSU Board of Trustees
July 18, 2014



Agenda for Discussion

- History on budget approval
- Definitions and terminology
- Proposed FY2014-15 revenues and expenditures

Slide 1
July 18, 2014

Oregon State
UNIVERSITY

Budget Approval Past

- Oregon State Board of Higher Education (OSBHE) approved operating budgets that included distribution of State allocations for Education and General Funds and that set tuition rates; up until 2011 the Legislature had a total expenditure limit for University spending
- OSBHE monitored all fund revenues and expenditures against projected initial budgets quarterly
- OSBHE monitored and discussed any significant variations in those quarterly projections

Slide 2
July 18, 2014

Oregon State
UNIVERSITY

Budget Approval Future

- With the advent of OSU's Board of Trustees, the initial budget approval process will present estimates of revenues and expenditures for all operating funds to the Board
- Quarterly reports to the Finance and Administration Committee of the Board will monitor actual revenues and expenditures against initial budget, and allow for adjustments due to uncertainties in projections of major revenue sources (actual enrollment, grant awards, ticket sales, etc.)

Slide 3
July 18, 2014

Oregon State
UNIVERSITY

Terms and Definitions

Fund Accounting

- Financial resources are classified in accordance with their intended use and purpose
- Resources are classified so that they comply with activities or objectives as specified by donors, regulations, restrictions, or limitations imposed by sources outside the institution
- The majority of colleges and universities use fund accounting to manage resources and facilitate stewardship

Slide 4
July 18, 2014

Oregon State
UNIVERSITY

Terms and Definitions

Principal Operating Funds

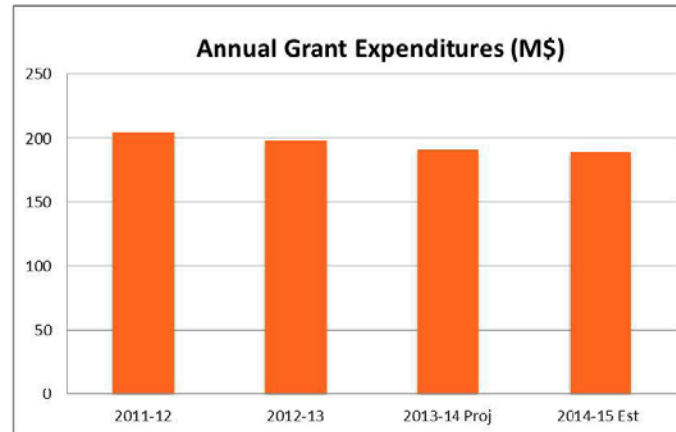
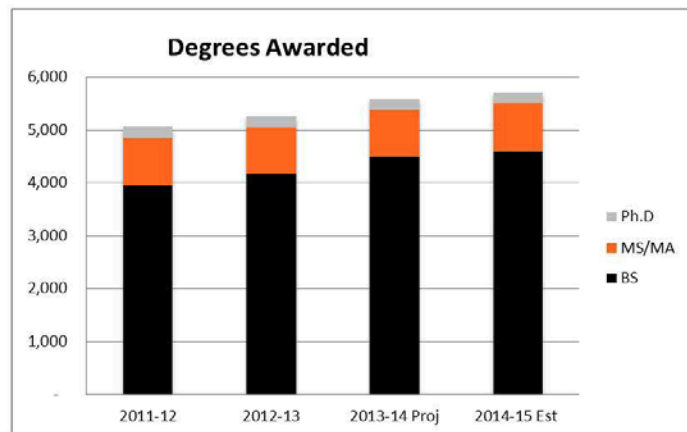
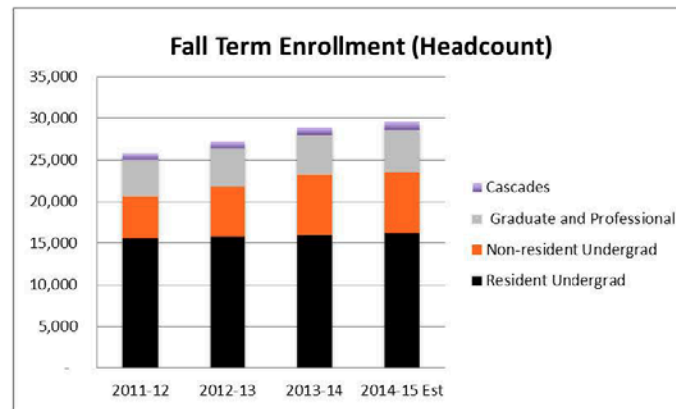
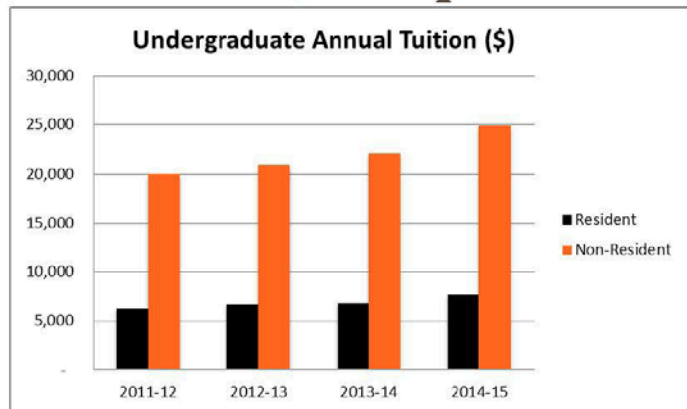
- **Education and General**
- **Self-support Operations**
 - Auxiliary Enterprises
 - Service Centers
 - Designated Operations
- **Restricted Funds**

Slide 5
July 18, 2014

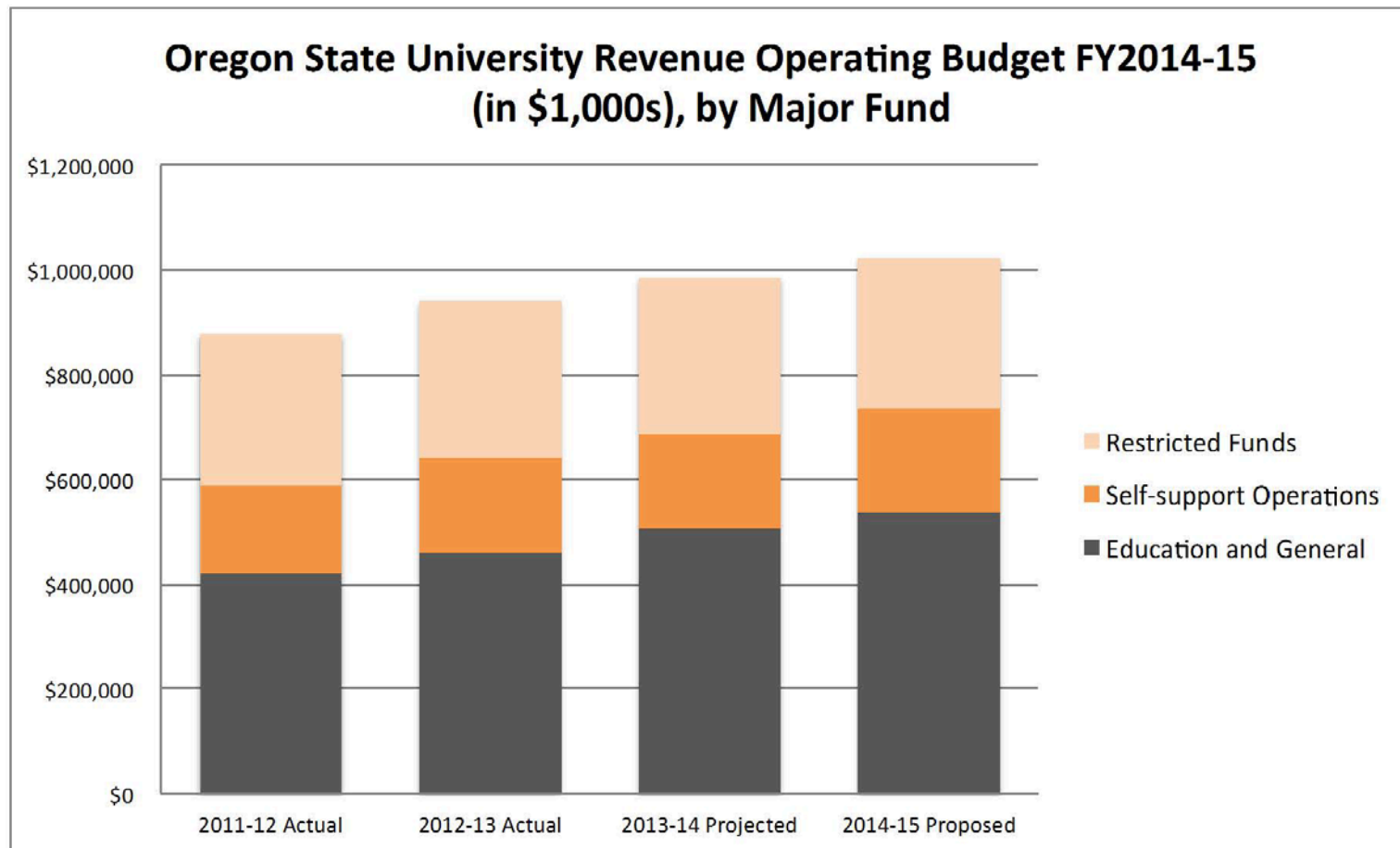


Serving Our Students and the State

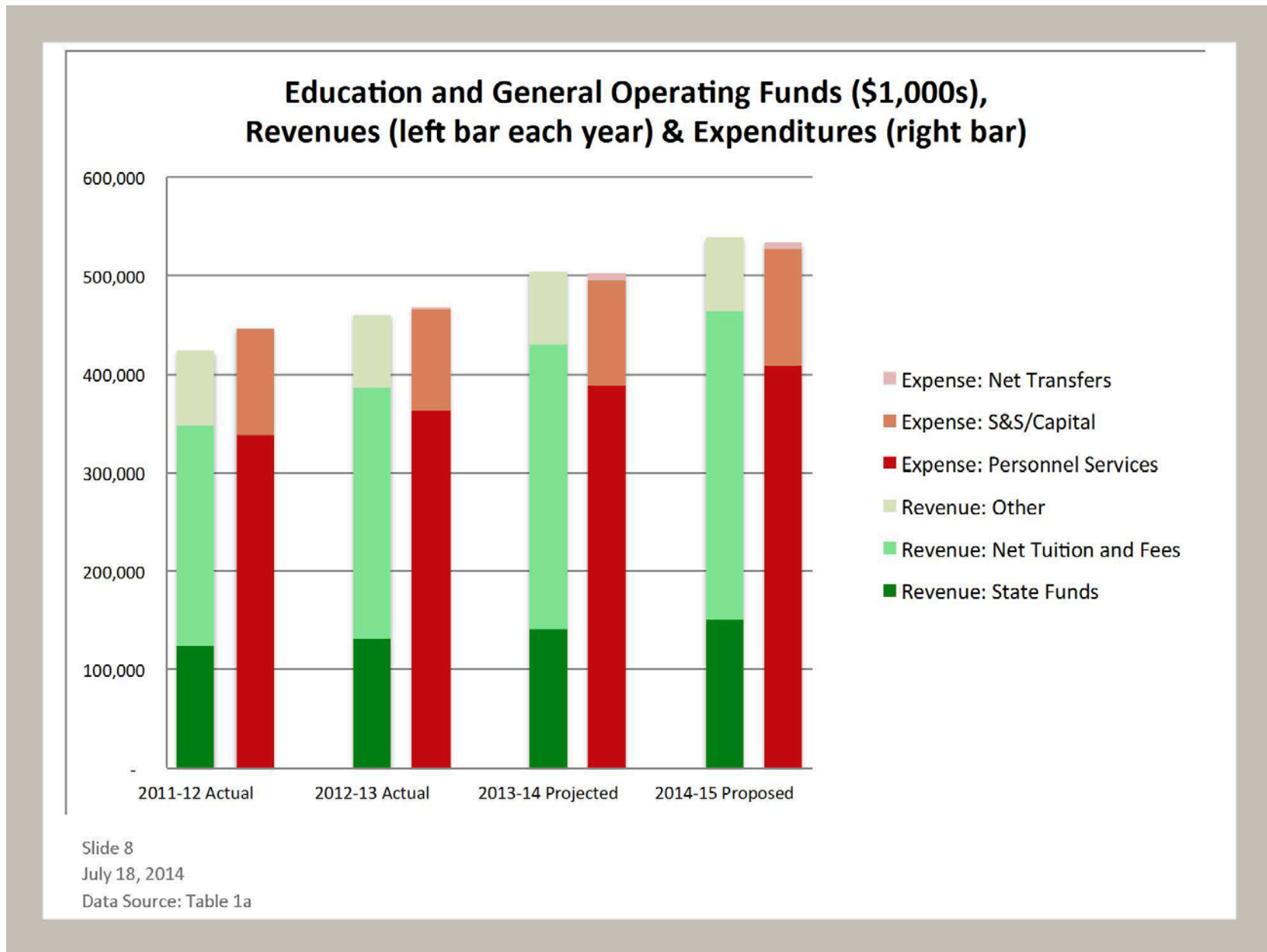
Distributing and stewarding resources for education, research, and public service

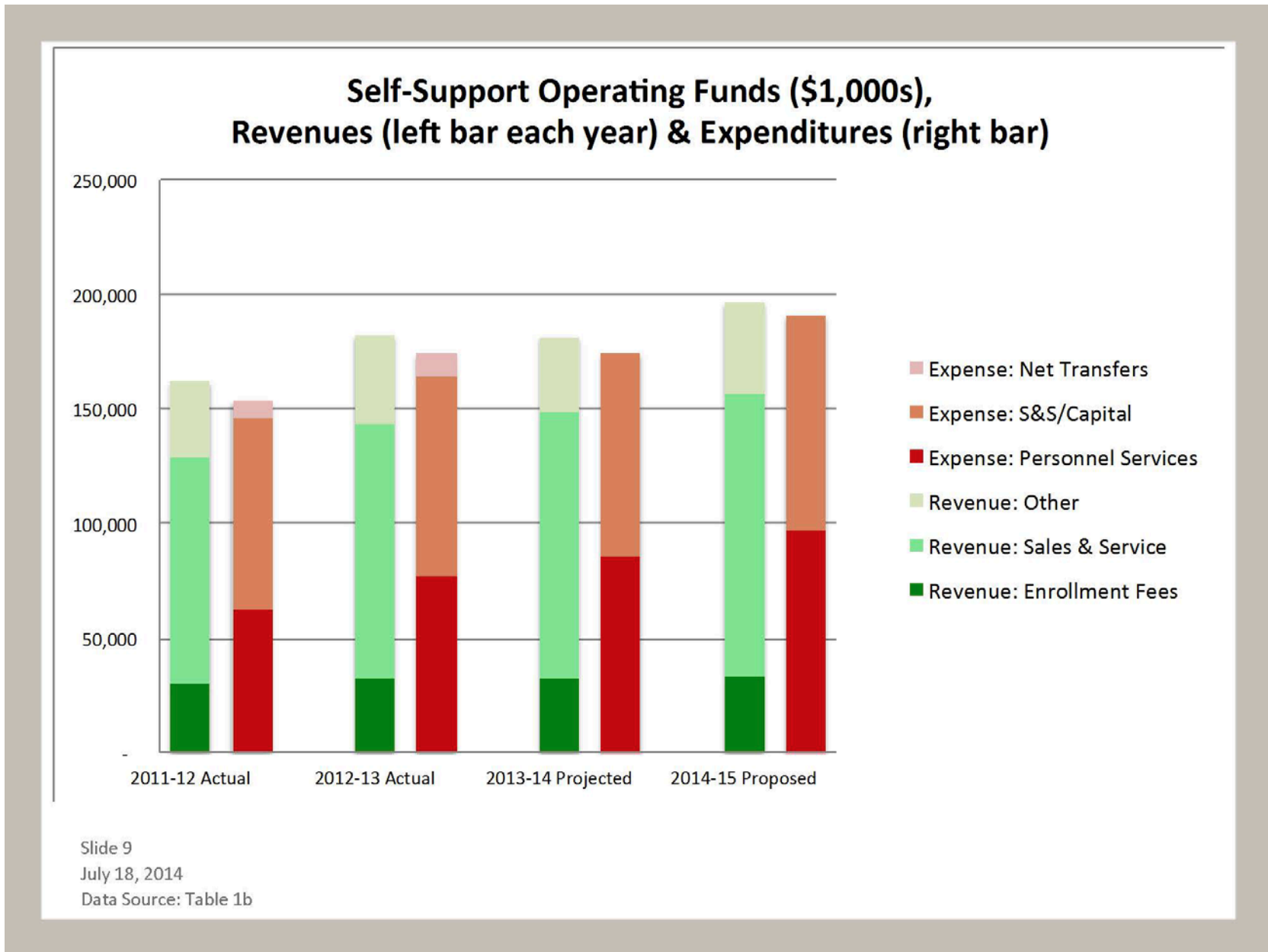


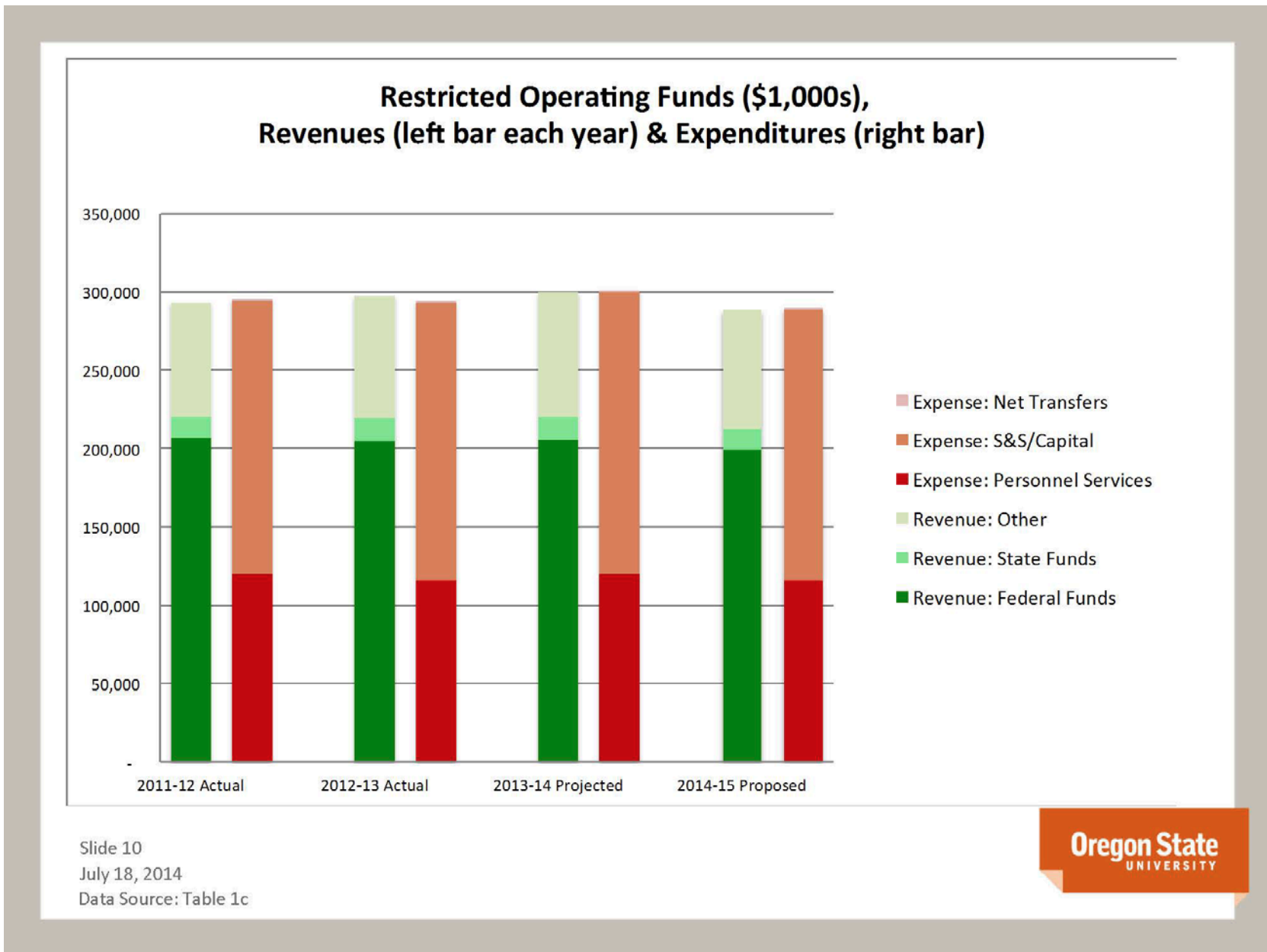
Slide 6
July 18, 2014



Slide 7
July 18, 2014
Data Source: Tables 1a,1b,1c







OSU Fiscal Year 2014-15 Operating Budgets

Finance and Administration Committee Recommendation to the Board

The Finance and Administration Committee recommends to the Oregon State University Board of Trustees for approval the proposed Fiscal Year 2014-15 operating budgets as presented in Tables 1a through 1c, which follow.

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July 18, 2014

Oregon State
UNIVERSITY

Oregon State University				Table 1a			
Annual Budget Proposal				For the Fiscal Year Ending June 30, 2015			
<i>(Unaudited, for management purposes only)</i>							
EDUCATION & GENERAL (Corvallis, Cascades, Statewide Public Services)							
<i>(in thousands except enrollment)</i>	2012	2013	2014	2015	2012-13	2013-14	2014-15
	Actual	Actual	Projection	Budget	% Chg.	% Chg.	% Chg.
State General Fund	\$123,986	\$130,737	\$140,327	\$150,328	5%	7%	7%
Tuition & Resource Fees, Net of Waivers	224,334	254,859	290,497	314,523	14%	14%	8%
Other	75,072	74,883	73,832	73,888	0%	-1%	0%
Total Revenues	423,392	460,479	504,656	538,739	9%	10%	7%
Personnel Services	(337,213)	(362,163)	(388,640)	(409,884)	7%	7%	5%
Supplies & Services and Capital Outlay	(108,074)	(103,369)	(106,903)	(118,432)	-4%	3%	11%
Total Expenditures	(445,287)	(465,532)	(495,543)	(528,316)	5%	6%	7%
Net from Operations	(21,895)	(5,053)	9,113	10,423			
Transfers In	814	1,069	2,537	1,226	31%	137%	-52%
Transfers Out	(2,327)	(3,833)	(8,932)	(7,600)	65%	133%	-15%
Fund Additions/(Deductions)	0	0	0	0			
Change in Fund Balance	(23,408)	(7,817)	2,718	4,049			
Beginning Fund Balance	70,960	47,552	39,735	42,453			
Ending Fund Balance	\$47,552	\$39,735	\$42,453	\$46,502	-16%	7%	10%
Fund Balance as % of Revenue	11.2%	8.6%	8.4%	8.6%			

Oregon State University
Annual Budget Proposal

(Unaudited, for management purposes only)

For the Fiscal Year Ending June 30, 2015

Table 1b

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments

(in thousands except enrollment)	2012	2013	2014	2015	2012-13	2013-14	2014-15
	Actual	Actual	Projection	Budget	% Chg.	% Chg.	% Chg.
Enrollment Fees	\$29,649	\$32,015	\$32,260	\$33,636	8%	1%	4%
Sales & Services	98,843	111,479	116,556	\$122,550	13%	5%	5%
Other	33,595	38,762	32,855	\$40,427	15%	-15%	23%
Total Revenues	162,087	182,256	181,671	196,613	12%	0%	8%
Personnel Services	(64,243)	(76,749)	(85,448)	(97,382)	19%	11%	14%
Supplies & Services and Capital Outlay	(83,468)	(87,031)	(88,823)	(93,665)	4%	2%	5%
Total Expenditures	(147,711)	(163,780)	(174,271)	(191,047)	11%	6%	10%
Net from Operations	14,376	18,476	7,400	5,566			
Transfers In	2,332	1,238	7,139	5,435	-47%	477%	-24%
Transfers Out	(5,316)	(4,379)	(2,135)	(4,575)	-18%	-51%	114%
Additions/(Deductions) to Unrestricted Net Assets	(4,921)	(7,129)	(4,800)	0			
Change in Unrestricted Net Assets	6,471	8,206	7,604	6,426			
Beginning Unrestricted Net Assets	41,568	48,039	56,245	63,849			
Ending Unrestricted Net Assets	\$48,039	\$56,245	\$63,849	\$70,275	17%	14%	10%
Fund Balance as % of Revenue	29.6%	30.9%	35.1%	35.7%			

Oregon State University

Table 1c

Annual Budget Proposal**For the Fiscal Year Ending June 30, 2015**

(Unaudited, for management purposes only)

RESTRICTED FUNDS

(in thousands except enrollment)	2012	2013	2014	2015	2012-13	2013-14	2014-15
	Actual	Actual	Projection	Budget	% Chg.	% Chg.	% Chg.
Federal	\$207,430	\$205,284	\$206,000	\$198,975	-1%	0%	-3%
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Other	72,599	78,203	80,000	75,800	8%	2%	-5%
Total Revenues	293,050	297,421	300,000	288,040	1%	1%	-4%
Personnel Services	(120,494)	(115,490)	(120,000)	(115,216)	-4%	4%	-4%
Supplies & Services and Capital Outlay	(173,857)	(177,404)	(180,000)	(172,824)	2%	1%	-4%
Total Expenditures	(294,351)	(292,894)	(300,000)	(288,040)	0%	2%	-4%
Net from Operations	(1,301)	4,527	0	0			
Transfers In	196	373	300	350	90%	-20%	17%
Transfers Out	(271)	(1,495)	(1,200)	(1,300)	452%	-20%	8%
Change in Restricted Net Assets	(1,376)	3,405	(900)	(950)			
Beginning Restricted Net Assets	14,526	13,150	16,555	15,655			
Ending Restricted Net Assets	\$13,150	\$16,555	\$15,655	\$14,705	26%	-5%	-6%
Fund Balance as % of Revenue	4.5%	5.6%	5.2%	5.1%			

Questions?



Slide 15
July 18, 2014

Oregon State
UNIVERSITY

Proposed University Fraud, Waste and Abuse Policy

This policy sets forth guidelines for reporting known or suspected fraud, waste and abuse within Oregon State University (OSU).

OSU has a stewardship responsibility over all resources entrusted to it.

AUTHORITY

Oregon Revised Statutes (ORS)

- [ORS 244, Government Ethics](#)
- [ORS 297, Audits of Public Funds and Financial Records](#)
- [ORS 351, Higher Education Generally](#)
- [ORS 352, Institutions of Higher Education](#)
- [ORS 659, Miscellaneous Prohibitions Relating to Employment and Discrimination](#)

DEFINITIONS

Suspected fraud, waste, or abuse is a reasonable belief or actual knowledge that fraud, waste, and/or abuse is occurring or has occurred. Concerns may include but are not limited to the following functional categories:

- **Academic & Student Affairs**
- **Accounting & Financial**
- **Athletics**
- **Human Resources**
- **Information Technology**
- **Research**
- **Risk and Safety**
- **University Health Centers**
- **Other**

Campus management and the President's Office includes the president, vice presidents, provost, vice provosts, deans, directors, and division/department heads, as well as other managers authorized to determine and assign duties to university employees.

RESPONSIBILITIES

All employees of Oregon State University shall report known or suspected instances of fraud, waste, and/or abuse. Matters can be reported to campus management, the OSU Office of Audit Services (OAS), or through the OSU hotline. Campus managers who receive notice of suspected or known fraud, waste, and/or abuse are required by this policy to report such matters to the OAS. When employees do not feel comfortable discussing these matters directly with the OAS or campus management, reporting can be made through the OSU hotline:

OSU Hotline: 1.855.388.4971 or www.oregonstate.ethicspoint.com

OSU contracts with NAVEX Global, an independent, third-party vendor, to provide this confidential and anonymous telephone and Internet system for reporting concerns.

NAVEX Global reports concerns received on the hotline to OAS, who coordinates investigation efforts of reported concerns in conjunction with necessary campus and external parties as deemed appropriate.

Employees who identify themselves and make a good faith report of suspected fraud, waste, or abuse are protected from retaliation, in accordance with ORS 659A. OSU will maintain confidentiality for employees reporting suspected irregularities, misconduct, safety issues, or other concerns to the extent possible under the law.

In accordance with [ORS 297](#), the Secretary of State Audits Division <http://www.sos.state.or.us/audits/> is notified of all complaints and confirmed losses that are in excess of \$100.

CONTACT INFORMATION

Direct questions about this policy to the following office:
Oregon State University Office of Audit Services
Phone: (541) 737-0505
<http://oregonstate.edu/leadership/audit/home>

Executive & Audit Committee Recommendation to the Board – University Fraud, Waste and Abuse Reporting Policy

The Executive and Audit Committee recommends to the Oregon State University Board of Trustees for approval the proposed University Fraud, Waste, and Abuse Reporting Policy as presented.

Proposed University Code of Ethics

Oregon State University (OSU) has a duty to educate students to be responsible citizens and a duty to provide instruction, research, and public service programs that contribute to the maintenance and growth of a healthy state, national, and world economy. All employees, officers, students, and volunteers acting on behalf of OSU have a responsibility to work towards the fulfillment of our mission and conduct themselves ethically, with the highest integrity, and in compliance with all applicable laws, regulations, and policies.

OSU is committed to conducting its affairs in ways that promote mutual trust and public confidence. We strive for excellence in our pursuit of knowledge and maintain high standards in all activities and duties. OSU upholds the following standards as the foundation for a civil, respectful, and nurturing environment when engaging in teaching, research, public service, and administrative activities:

Honesty and Integrity – We demonstrate honesty in our communication and conduct while managing ourselves with integrity. We uphold the values of this code and make decisions based upon the greater good, conducting ourselves free of personal conflicts, self-dealing, using resources for personal benefit or gain, or appearances of impropriety.

Respect – We demonstrate respect towards the rights and dignity of others; show concern for the welfare of others; expect equality, impartiality, openness, and due process by demonstrating equity and fairness without reference to individual bias; and refrain from discriminating against, harassing, or threatening others.

Stewardship and Compliance – We utilize resources and information entrusted to our care in a wise, ethical, and prudent manner in order to achieve our educational mission and strategic objectives. We uphold civic virtues and duties by obeying laws and policies.

Accountability and Responsibility – We take responsibility for our choices and actions by showing accountability and not assigning or shifting blame or taking improper credit. We act with responsibility by reporting unethical and illegal conduct to the appropriate authorities, including supervisors, management, or responsible university offices, including the OSU Office of Audit Services, and, when appropriate, external authorities including law enforcement.

OSU expects incidences of fraud, waste, and/or abuse to be reported. Hotlines are available to make reports of fraud, waste and abuse: OSU hotline: 1-855-388-4971 or the State of Oregon hotline: 1-800-336-8218. The OSU Office of Audit Services and the Oregon Audits Division review and investigate, as appropriate, all reports and, when warranted by the facts, require corrective action and discipline in accordance with policy and law. Employees who make a good faith report of suspected fraud, waste, or abuse are protected from retaliation, in accordance with the Oregon Revised Statute 659.

Executive & Audit Committee Recommendation to the Board – University Code of Ethics

The Executive and Audit Committee recommends to the Oregon State University Board of Trustees for approval the proposed University Code of Ethics as presented.

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Proposed Amendment to the Executive and Audit Committee Charter

The Executive and Audit Committee is established. The Committee is empowered to act for the Board in the case of emergency between regular Board meetings and to assist the University in its oversight of the University's financial practices and standards of conduct, as provided in this policy.

The Committee shall have the following five voting members: the Chair of the Board, the Vice Chair of the Board, the Chair of the Academic Strategies Committee, the Chair of the Finance and Administration Committee, and one at-large member appointed from among the remaining trustees. The President is an ex-officio, non-voting member of the Executive and Audit Committee. The Chair of the Board is the Chair of the Executive and Audit Committee.

The Committee is empowered to act for the Board if the Committee determines an emergency exists between regular Board meetings on any matter except the following, which shall be reserved for the Board: (1) presidential hiring, evaluation and removal; (2) election of Board officers; (3) changes in the mission and purposes of the University; (4) amendments to the bylaws; (5) sale or purchase of real property; (6) condemnation of real property; (7) determination of tuition and mandatory enrollment fees; and (8) adoption of the University budget.

The Committee's areas of responsibility are to assist the Board in: (1) overseeing the institution's standards of conduct; (2) monitoring the University's internal control structure to ensure key risk, compliance, and regulatory requirements are met; and (3) overseeing audit activities, including internal and external audits. As part of its responsibility to assist the Board in overseeing audit activities, the Committee is empowered to perform the following duties:

External Audit

- Review and approve the selection of the external audit firm hired to perform the annual financial statement and federal compliance audit;
- Review and approve the annual external audit of the OSU financial statements and A 133 federal compliance procedures;
- Review the audit reports issued by the Oregon Secretary of State Audits Division.

Internal Audit

- Annually review and approve the internal audit charter and organizational structure to confirm the Office of Audit Services' organizational independence;
- Participate in the annual audit planning risk assessment process and approve the annual audit plan;
- Review and approve quarterly audit reports detailing the results of recommendations and follow-up procedures and receive periodic reports as deemed necessary;
- Approve the appointment or removal of the Chief Audit Executive of the Office of Audit Services, as recommended by the President.

In addition, the Committee is responsible for such other matters as may be referred to it by the Board.

The Committee has the authority, through its Chair or a majority vote of its voting members, to ask management to address specific issues within the mandate of the Committee, as well as the

authority to engage independent legal counsel and other professional advisers to carry out its duties.

The Committee is responsible for making nominations to the Board for Board officers.

The Offices of the Secretary to the Board and the Chief Audit Executive are responsible for providing staff support to the Committee.

Adopted by the Board of Trustees January 9, 2014; amended March 13, 2014; amended July 18, 2014.

Proposed Resolution Delegating Authority to University

BACKGROUND

The Legislative Assembly has found that the State of Oregon will benefit from having public universities with governing boards that provide transparency, public accountability and support for the university and act in the best interests of both the university and the State of Oregon as a whole (ORS 352.025).

The Board of Trustees manages the affairs of the university by exercising and carrying out all of the powers, rights and duties that are expressly conferred upon the board by law, or that are implied by law or are incident to such powers, rights and duties (ORS 352.029).

The Board of Trustees may perform any other acts that in the judgment of the Board are required, necessary or appropriate to accomplish the rights and responsibilities granted to the board and the university by law (ORS 352.107).

The President is the executive and governing officer of Oregon State University (University) and has authority to direct the affairs of the University, subject to the Board's supervision (ORS 352.107). Many operational activities are properly undertaken by the President without the need for Board involvement.

RESOLUTION

Now, therefore, be it resolved by the Board of Trustees that it delegates to the President of the University or his or her designee authority to undertake all lawful activities to further the operation of the University, with the exception of the activities set forth below, which are reserved to the Board:

1. Presidential hiring, evaluation, compensation and removal;
2. Election of Board officers;
3. Changes in the mission, purposes and statutory goals of the University;
4. Amendments to the Board's bylaws;
5. Sale or acquisition of real property over \$5 million;
6. Condemnation of real property;
7. Mediation with other Oregon public universities regarding a dispute on proposed new program or location;
8. Issuance of bonds;
9. Adoption of standards governing outside employment and activities for employees, including potential conflict of interest and the public disclosure thereof, and procedures for reporting and hearing potential or actual conflict of interest complaints;
10. Designation of the foundation to solicit contributions for the support of the University;
11. Entering into the achievement compact with Oregon Education Investment Board;
12. Determination of tuition and mandatory enrollment and incidental fees; and
13. Adoption of the University budget.

This general delegation of authority is subject to amendment as later determined by the Board.

This Resolution is effective July 1, 2014.

APPROVED:

Secretary to the Board

Date

Proposed Presidential Contract for FY15 and FY16

This Employment Agreement and Notice of Appointment (“Agreement”) made and entered into by and between the Oregon State University Board of Trustees (hereafter referred to as the “Board”) and Dr. Edward Ray (hereafter referred to as “Dr. Ray”) is effective July 1, 2014 (“Agreement”). The term “parties” hereafter refers to “Board” and “Dr. Ray.” This Agreement replaces and supersedes the agreement between the Oregon State Board of Higher Education and Dr. Ray dated June 24, 2013 by last signature for the period July 1, 2014 through June 30, 2016.

1.0 Reappointment of President; Term of Agreement

The term of Dr. Ray’s employment as president of Oregon State University (“University”) under this Agreement is from July 1, 2014 through June 30, 2016, subject, however, to prior termination as provided for in this Agreement. Prior to the expiration of this Agreement, but no later than December 31, 2015, the Chair and Dr. Ray will meet to discuss the Board’s intent regarding Dr. Ray’s future reappointment as president. The Chair’s intent or recommendation communicated in this meeting in no way binds the Board, with which the sole power of appointment, reappointment, and compensation rests. Should the Chair and Dr. Ray fail to meet, this Agreement will extend for an additional term of one year upon the same terms and conditions set forth herein.

2.0 Academic Rank

While appointment as president is independent of academic rank, the Board acknowledges Dr. Ray was awarded indefinite tenure at University. Upon the termination of employment as president for any reason other than his death or disability, Dr. Ray may elect to return to the University’s faculty. Upon Dr. Ray’s return to the University’s faculty, Dr. Ray will receive the equivalent of the salary of the then highest paid member of the instructional faculty, consistent with University rule and policy. Dr. Ray will be subject to the current Board and University administrative rules and policies governing faculty employment, including award of indefinite tenure and other conditions of employment, including, but not limited to those conditions of employment which are customarily set forth in a letter of appointment.

3.0 Duties and Responsibilities

As president, Dr. Ray is the executive and governing officer of the University and president of the faculty pursuant to Oregon Revised Statutes 352.096. Dr. Ray is supervised by and is responsible to the Board for all matters concerning the University and is an advisor to the Board in matters of inter-institutional policy and administration. Duties include, but are not limited to:

- (a) Institutional, faculty, and educational leadership;
- (b) Long-range planning, budget formulation, management of institution buildings, grounds and equipment controlled by University; administration of the affairs of the University as best serves the institution consistent with University and Board rules, policies, and directives;
- (c) Student recruitment and services; faculty recruitment;
- (d) Appointing, supervising, promoting, and dismissing employees;
- (e) Preparing rules, policies, regulations, and procedures useful to the University’s welfare;
- (f) Fundraising, development, and public and alumni relations; and

(g) Addressing and documenting compliance with Board -identified outcomes for each year.

4.0 Devote Best Efforts to the Work as President

4.1 Dr. Ray agrees to faithfully, industriously, and with maximum application of experience, ability and talent devote his full business-time, attention and energies to the duties as president of the University.

4.2 Such duties will be rendered at the University's main campus in Corvallis, Oregon and at such other place or places as the Board or Dr. Ray deem appropriate for the interest, needs, business or opportunity of the University.

4.3 The expenditure of reasonable amounts of time for personal or outside business, as well as charitable and professional development activities, will not be deemed a breach of this Agreement, provided such activities do not interfere with the services required to be rendered to the Board under this Agreement. Dr. Ray may serve on boards for for-profit or non-profit corporations, to the extent permitted by law, rule, and policy, and after obtaining the Board's written approval. The Board will not consider any income in connection with any of Dr. Ray's outside activities in setting his compensation under this Agreement.

4.4 Other than activities or services permitted by Board or University rules or policies, and under Section 4.3 of this Agreement, Dr. Ray will not render services of any professional nature to or for any person, firm, or entity for remuneration other than to the Board or University and will absolutely not engage in any activity that would cause a conflict of interest with his duties to the Board and the University. The making of passive or personal investments and the conduct of private business affairs is not prohibited by this section.

5.0 Salary and Benefits

5.1 Unless increased by Board action, Dr. Ray's monthly salary is \$22,812.00 based on an annual base salary of \$273,744 at 1.0 FTE.

5.2 For the period July 1, 2014 through June 30, 2015, the Board has accepted a base salary supplement for Dr. Ray, funded by the University's recognized foundation, of an annual amount of \$211,338. The Board may approve an increase in the base salary supplement during the term of this Agreement if it is made available by the University's recognized foundation.

5.3 Unless increased by Board action, Dr. Ray will also receive \$138,303 in deferred compensation, funded by the University's recognized foundation, to be credited to Dr. Ray's account in the Board's Supplemental Retirement Plan or, if necessary, to his account in a tax-qualified excess benefit plan that would be excess to the Supplemental Retirement Plan, to vest on each June 30 of this Agreement on which Dr. Ray is president.

5.4 Dr. Ray will receive the same benefits as those provided to other University employees, subject to applicable changes, currently including, but not limited to, medical, dental, disability, life, and retirement benefits, accrual of vacation and sick leave, and staff fee privileges.

5.5 Dr. Ray will accrue 1.7 months of sabbatical leave for each contract year of service he has completed as president of the University, to be used in a manner consistent with the terms of this Agreement and Board and University rules, policies, and procedures governing sabbatical leave. All sabbatical leave will be forfeited in the event that Dr. Ray is terminated for

just cause. The sabbatical leave may be taken at the conclusion of Dr. Ray's service as president of the University on the condition that he returns to the Oregon State University faculty at the conclusion of his sabbatical leave. Sabbatical pay will be at the rate of Dr. Ray's salary as a member of the faculty at the time he takes sabbatical leave.

5.6 In lieu of Dr. Ray taking residence in the official university residence provided to the president, the Board and Dr. Ray agree on a monthly housing stipend of \$2,500.

5.7 University agrees to provide Dr. Ray with a vehicle (and coverage of all operating costs of the vehicle, including routine maintenance, fuel and insurance) to be used for University business, as permitted by law and applicable rules and policies. Dr. Ray may elect acceptance of a University-provided vehicle or an equivalent value as a vehicle stipend. The provision of a University-provided vehicle is inapplicable in the event Dr. Ray accepts a vehicle or vehicle stipend from an outside entity, including the University's recognized foundation. To the extent required by law, rule or policy, Dr. Ray will account for any incidental personal use of a vehicle.

6.0 Evaluation

6.1 The Board will evaluate Dr. Ray's performance under applicable Board guidelines or policy.

7.0 Travel Expenses

University will reimburse Dr. Ray and Dr. Ray's spouse for reasonable travel expenses, hotel bills, and other necessary and proper expenses, consistent with the Board and University's rules and policies governing travel reimbursements, when Dr. Ray is travelling on Board or University business, except that payment will be made on behalf of the spouse only when the presence of the spouse is of benefit to the interests of the University.

8.0 Expense Receipts and Documentation

Dr. Ray agrees to maintain and furnish an accounting of expenses provided for in this Agreement in accord with Board and University policies and in reasonable detail.

9.0 Termination

9.1 The Board reserves the right to terminate Dr. Ray's employment for just cause. Just cause termination eliminates any obligation of the Board to pay Dr. Ray beyond the effective date of termination of employment as president. Any termination of this Agreement for just cause will not automatically eliminate Dr. Ray's eligibility for continuation of an academic, tenure-related appointment or appointment to a fixed-term professional appointment. Just cause means conduct by Dr. Ray including, but not limited to the following:

- (i) A deliberate or serious violation of the material duties set forth in this Agreement or Dr. Ray's failure to perform such material duties in good faith;
- (ii) A violation by Dr. Ray of any of the other material terms or conditions of this Agreement which causes substantial harm to the Board or University and is not remedied after thirty (30) calendar days' written notice thereof to Dr. Ray;
- (iii) A plea of guilty or nolo contendere by Dr. Ray to a felony or any crime of moral turpitude;
- (iv) A prolonged or serious violation of any law, rule, regulation, Constitutional provision, Board bylaw or directive, or local, state, or federal law which causes substantial harm to

- the Board or University and is not remedied after thirty (30) calendar days' written notice thereof to Dr. Ray, if curable; or
- (v) Prolonged absence from duty for a period of thirty (30) calendar days or longer without Board or University consent and which absence is not due to illness or disability.

9.2 The Board reserves the right to terminate Dr. Ray's employment and this Agreement prior to its expiration, without cause, upon thirty (30) calendar days' of prior written notice to Dr. Ray. In the event the Board terminates this Agreement and Dr. Ray's employment as president without cause, the University will pay Dr. Ray the current, annual base salary, which excludes any supplements from the University's recognized foundation, for one year from the effective date of the termination. This obligation will be paid on a monthly basis. If in the interest of the Board or University, Dr. Ray may be reassigned to other duties until the effective date of the termination of this Agreement without cause. Dr. Ray will also be entitled to continue the health insurance plan at Dr. Ray's expense under current rules and regulations governing COBRA coverage from the effective date of termination, but will not be entitled to any other benefits except as otherwise provided or required by applicable law. Under no circumstance will the Board be liable for the loss of any collateral business opportunities or any other benefits, perquisites or income from any sources that may ensue as a result of the Board's termination of this Agreement without cause. The parties have bargained for and agreed to the foregoing provision, giving consideration to the fact that termination of this Agreement by the Board without cause prior to its expiration may cause loss to Dr. Ray which is extremely difficult to determine with certainty. The parties further agree that payments made based on the foregoing by the Board and acceptance thereof by Dr. Ray will constitute adequate and reasonable compensation to Dr. Ray for any loss and injury suffered and are not intended to be a penalty. Any amounts payable to Dr. Ray under this section will be reduced by the amount of Dr. Ray's earnings from other employment during the period which payments under this section are paid, if applicable.

9.3 This Agreement and Dr. Ray's appointment as president may be terminated by Dr. Ray's resignation, upon Dr. Ray providing the Chair with thirty (30) calendar days' advance written notice of such resignation. Upon the effective date of Dr. Ray's resignation, Dr. Ray will not be entitled to any further compensation or benefits as president, except as set forth in the University's various benefit plans with respect to vesting and rights after termination of employment.

9.4 In the event of Dr. Ray's death during the term of this Agreement, his employment and this Agreement will immediately terminate on the date of his death. Dr. Ray's estate will receive all benefits to which it is entitled pursuant to the University's various insurance plans.

9.5 If Dr. Ray becomes permanently disabled during his employment as president, this Agreement and his employment will terminate effective on the date of his permanent disability and Dr. Ray will receive all benefits to which he is entitled pursuant to the University's various insurance plans. For purposes of this Agreement, "permanent disability" will mean that in the opinion of a qualified medical professional jointly selected by the University and Dr. Ray (or in the event of Dr. Ray's incapacity, the person designated in his power of attorney or other duly authorized representative) that Dr. Ray is unable to perform the essential functions of the job for a period of six (6) continuous months, with reasonable accommodation (as such term is defined in 42 U.S.C. § 12111(9), as amended, and in the common law interpreting the same).

10.0 Severability

If any provision of this Agreement is determined to be void, invalid, unenforceable or illegal for any reason, it will be ineffective only to the extent of such prohibition and the validity and enforceability of all the remaining provisions will not be affected thereby.

11.0 Modification

This Agreement may not be modified or extended except by written instrument signed by Dr. Ray and authorized by the Board.

12.0 Entire Agreement

This Agreement contains the entire understanding of the parties, and there are no representations, warranties, covenants, or undertakings other than those expressly set forth herein.

13.0 Indemnification

The Board will indemnify Dr. Ray and hold him harmless against legal fees, expenses, judgments and other financial amounts incurred while serving in the course and scope of his employment as president of the University, except in the case of malfeasance in office or willful or wanton neglect of duty. Dr. Ray will continue to be indemnified subsequent to the termination of his employment as president with respect to acts or omissions occurring while he served as president.

14.0 Waiver

No delay or failure to enforce any provisions of this Agreement will constitute a waiver or limitation of rights enforceable under this Agreement.

15.0 Governing Law; Forum

This Agreement will be interpreted and construed in accord with the laws of the State of Oregon, without regard to the principles of conflicts of laws. Any lawsuit or claim arising from this Agreement will be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a lawsuit or claim must be brought in a federal forum, then it will be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

16.0 Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which will constitute but one of the same instrument. Signatures delivered by facsimile and by email will be deemed to be an original signature for all purposes, including for purposes of any applicable Rules of Evidence.

17.0 Applicable Laws and Regulations

Except as otherwise provided in this Agreement, all provisions of this Agreement are subject to the laws of the State of Oregon and, unless otherwise stated, the policies of the Board and the University.

IT IS SO AGREED:

DATED this day of July, 2014:

Dr. Edward Ray

Pat Reser, Board Chair

Meg Reeves, Board Secretary