Faculty Senate Monthly Packet June 1988

Portland State University Faculty Senate

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To: Senators and Ex-officio Members to the Senate
From: Ulrich H. Hardt, Secretary to the Faculty

The Faculty Senate will hold its regular meeting on June 6, 1988, at 3:00 p.m. at
3:00 p.m. in 150 Cramer Hall.

AGENDA

A. Roll
*B. Approval of the Minutes of the May 2, 1988, Meeting
C. Announcements and Communications from the Floor
D. Question Period
  1. Questions for Administrators
  2. Questions from the Floor for the Chair

ELECTION OF PRESIDING OFFICER OF THE SENATE, 1988-89

E. Reports from the Officers of Administration and Committees
  *1. Advisory Council, Annual Report -- Mandaville
  *2. Committee on Committees, Annual Report -- Hammond
  *3. Educational Policies Committee, Annual Report -- Matschek
  *4. Research and Publications Committee, Annual Report -- O'Toole

ELECTION OF PRESIDING OFFICER PRO TEM, 1988-89

F. Unfinished Business -- none

G. New Business
  *1. ARC Recommendations re General Education Requirements -- Terdal

ELECTION OF SENATE STEERING COMMITTEE, 1988-89

*2. PSU Faculty Grievance Procedure -- Reardon

DIVISIONAL CAUCUSES TO ELECT COMMITTEE ON COMMITTEES MEMBERS, 1988-90
Divisions electing: AO, BA, ED, SW, UPA, and CLAS (2)

H. Adjournment
*The following documents are included with this mailing:
  B Minutes of the May 2, 1988, Senate Meeting*
  E1 Advisory Council, Annual Report**
  E2 Committee on Committees, Annual Report**
  E3 Educational Policies Committee, Annual Report**
  E4 Research and Publications Committee, Annual Report**
  G1 ARC Recommendations re General Education Requirements**
  G2 PSU Faculty Grievance Procedure**

** Included for Senators and Ex-officio Members only
The Advisory Council met approximately every two weeks during 1987-88; meetings with President Sicuro took place once a month.

In the course of these meetings the Council dealt with the following matters:

1. Advised both the Senate Steering Committee and the President on constitutional amendments and issues;

2. Nominated members for ad-hoc University-wide committees;

3. Served as an advisory body to the President on such matters as the semester/quarter system, athletics policy, Plan for the '90s, the University Planning Council, and general issues of faculty governance. Significant discussion dealt with matters of university communications.

In addition, four members of the Council, together with four members of the Steering Committee and student government officers, met several times with the newly constituted OSSHE Board Visitation Committee.

Respectfully submitted:

Jon Mandaville, History Department, Council Chair

Marvin Beeson, Geology Department
Oma Blankenship, School of Health and Physical Education
Victor Dahl, History Department
Mary Kinnick, School of Education
Alice Lehman, School of Health and Physical Education

5/4/88
1. The main work of the committee continues to be the appointment of members and chairs of constitutional committees, and recommendations to fill vacancies on administrative committees.

2. The creation of the University Planning Council raised questions about the need for continuing the Budget and Educational Policies Committees. At the Senate's request, our Committee studied this issue and made recommendations to the Senate. (See February Senate minutes.)

3. The Senate Steering Committee requested the Committee on Committees to do a study of the needs of all-university committees. During Winter term, this Committee sent a questionnaire to the chairs and past-chairs of all standing committees, soliciting information on special needs of committees and suggestions for improving committee function. The following is our report and recommendations:

   All but a very few chairs reported that committee size was appropriate and that the work load of the committee was "about right." Some chairs said they felt that the committee's charge was inappropriate (e.g. out of date) or unclear (more specific guidelines were needed). A frequent complaint was that some committee members do not do their share of the work (e.g. do not attend regularly or at all), thus increasing the burden on the rest. The chairs of a number of committees (8) reported that the absence of a budget was a serious problem: some significant work went undone, and in any case the policy of no budget for committees puts an undue strain on the budget of the chair's department. (Current practice is that committee expenses come out of the already-limited budgets of departments.)

   Recommendations:

   (A) The University should make available for committee work (clerical help, supplies, etc.) an annual budget ($2500 minimum). This money should be allocated to the Faculty Senate and disbursed to committees by a procedure worked out and approved by the Senate.

   (B) Committee chairs should be encouraged to meet with non-participating members, ascertain the reasons for non-involvement, and if necessary ask the Committee on Committees for a replacement.

   (C) Committees which find their current charge inappropriate or unclear should be invited to revise the charge and to submit such revisions, via the Committee on Committees, to the Faculty Senate for consideration and possible action.

   (D) To promote morale, and to give some substance to the University's claim that service to the institution is valued, each committee member should receive a letter of appreciation from the appropriate Dean at the end of a term of committee service.

4. The Committee is aware that our procedures for notifying committee members of reappointment to, and termination of, a term of service need to be improved. The Committee is developing procedures to improve this situation.

The Committee on Committees:

John Hammond (PHL (Chair))
Johanna Brenner (WS)
Mary Constans (AA)
Judy Edwards-Allen (ED)
Lewis Goslin (BA)
Robert Jones (PSY)
Stephen Kosokoff (SP)

Robert Lockwood (AJ)
Leslie McBride (HPE)
Don Moor (PHL)
Richard Morris (EAS)
Ronald Ronacher (CST)
Gary Sampson (LIB)
EDUCATIONAL POLICIES COMMITTEE

ANNUAL REPORT
to the
FACULTY SENATE

Submitted May 9, 1988
for the Faculty Senate Meeting of June 6, 1988

The first meeting of the Educational Policies Committee in the 1987-88 academic year is scheduled for May 24. The Educational Policies Committee did not meet earlier in the year because its duties had been temporarily assumed by the University Planning Council.

The Educational Policies Committee will address the following two agenda items:

1. A proposal from the School of Education that the School of Education be reorganized from its current two departments (Department of Curriculum and Administration, and Department of Special Studies) to three departments (Department of Counseling and Special Education, Department of Educational Policy and Leadership, and Department of Curriculum and Instruction).

2. As instructed by the University Planning Council, the Educational Policies Committee will undertake a review of the Chiron program.

Educational Policies Committee

Chairperson: Nancy R. Matschek

Faculty: Oma Blankenship
George Crampton
Richard Forbes
Lewis Goslin
Mary Grimes
John Heflin
Nancy Koroloff
Herman Migliore
John O'Brien
Tom Palm
Eldon Tamblyn
Charles Tracy

Program:
SFP A

HPE
CLAS
BA
AO
ED
GSSW
EAS
CLAS
CLAS
LIB
UPA

School of Fine and Performing Arts
Department of Dance 503/229-3131
ANNUAL REPORT OF THE RESEARCH AND PUBLICATIONS COMMITTEE

In early December 1987 the committee received and made some modifications to its guidelines and grant application form. Subsequently, a copy of each of these documents and an accompanying cover letter was mailed to each Portland State University faculty member. The cover letter encouraged faculty to submit proposals and announced that March 1, 1988, was the deadline for their submittals. It further gave a list of names and phone numbers of persons to whom questions could be directed. An article was published in an issue of the PSU Currently to further disseminate information about the committee’s activities and encourage faculty to submit proposals.

The committee received 46 proposals requesting $82,083.63 in support. Advice from the Office of Grants and Contracts suggested that institution research funds budgeted for 1988-89 would be $40,000.00. The committee used this information and its members assessments of the relative merits of the various proposals to help make its recommendations on the proposals to support and the level of support. It recommended that 39 proposals be supported at a total cost of $40,000.00. The committee has forwarded these recommendations to the Office of Grants and Contracts for the consideration of the Provost, who will make the final decision on the proposals.

COMMITTEE MEMBERS

Eileen Brennan, SSW
Nanette Davis, SOC
Roy Koch, CE
James Maurer, SP
Earl Molander, SBA/MGMT
David Morgan, UPA
Daniel O'Toole, PA (Chair)

Marek Perkowski, EE
Carrol Tama, ED
Robert Tinnin, OAA-GC (Ex-Officio)
Carl Wamser, CHEM
Frank Wesley, PSY
Randy Zelick, BIO
Academic Requirements Committee
Recommendation to the Faculty Senate
June 6, 1988

ARC recommends that the specific listing of courses approved to meet general education requirements be replaced with a statement which would exclude certain courses (for example, omnibus numbered courses). The details are to be worked out in Fall term of the 1988-89 academic year in consultation with departments.

Rationale: The current list has been in place for two years and needs to be evaluated. Course numbers change; courses are added or dropped; thus the list must be updated periodically. Advisers find the list difficult to work with. Rationale for including some courses and excluding others is often unclear, especially to students.

We support the basic principle of general education requirements to provide breadth and depth in students' undergraduate education. The intent is to simplify advising, not to weaken the concept of general education.
READING KEY TO REVISED GRIEVANCE PROCEDURES:

1) When no changes to the current language of the grievance procedure are being recommended the text is in Plain Text.

2) Current language that is being either dropped or changed is in Italic.

3) New language is in Bold Type.
PORTLAND STATE UNIVERSITY FACULTY GRIEVANCE PROCEDURE

I. PURPOSE AND GENERAL EXPLANATION

The purpose of this procedure is to provide the faculty of Portland State University with a means for prompt and efficient handling of grievances. The procedure covers a broader range of grievances than those grievable under current collective bargaining agreements between Portland State University and various bargaining agents.

The emphasis is on solving problems in a collegial manner with members of the University community confronting each other directly as peers seeking to resolve conflicts in a way that embodies mutual respect and fairness. The procedure encourages settlement of disputes at the lowest possible level by direct communications between the conflicting parties. In filing grievances, grievants are expected to do so in a timely manner so that subsequent events do not make adjustment of grievances impossible or highly impractical.

Peer review and an opportunity for peer hearing are provided. The grievant is also assured of an opportunity to appeal to the President of the University. Appeal from the decision of the President is governed by the Administrative Rules of the Oregon State System of Higher Education.

II. DEFINITIONS

A. "Grievance" means any complaint of unfair or inequitable treatment by the University.

B. "Grievant" means one or more members of the Portland State University Faculty asserting a grievance, but shall not include administrators or similar persons in supervisory positions. For purpose of this definition "a member of the Portland State University Faculty" means a person holding at the time of the assertion of the grievance a full or part-time appointment at Portland State with a rank of Professor, Associate Professor, Assistant Professor, Instructor, Senior Instructor, Research Associate, Research Assistant, or Lecturer.

B. "Grievant" means one or more members of the Portland State University Faculty asserting a grievance, but shall not include administrators or similar persons in supervisory positions.

C. "Day" means a day when classes or examinations are scheduled and held in accordance with the official academic calendar of the University, excluding Saturdays and Sundays.

D. "Dean" shall have its ordinary meaning but includes in appropriate cases, University administrators serving in an equivalent supervisory capacity.

E. "Department Chair" shall have its ordinary meaning but includes, in appropriate cases, University administrators serving in an equivalent supervisory capacity. In the event there is no person in the position of department chair, or its equivalent, the dean shall assume the obligations of the department head as required by this grievance procedure.

F. "Provost" or "Vice-President" means who is in the reporting line of a given academic staff member or another Portland State University officer with academic rank who reports directly to the President of the University, whether or not such person holds the title of Vice President.
III. GENERAL PROVISIONS

A. At any step, a grievant has the right to be accompanied, assisted, or represented by other persons, including counsel, designated by the grievant. Except in cases of illness, absence from the country, or official leave of absence, the grievant shall be present in person when the grievance is presented and at any subsequent hearing. A grievant has the right of self-representation at any step of this grievance procedure.

B. The parties may agree to modify the time limits prescribed in the grievance procedure. All such agreements shall be in writing and signed by the grievant and the administrator who is required to act within the time limit being modified.

C. Failure of the grievant to take action within the time limits specified at any step, including any extensions, shall be considered acceptance by the grievant of the decision. Failure by the accountable administrator to act within the specified time limits, including any extensions shall constitute a violation of this procedure, the complaint against which will automatically become a part of the grievance and will be treated in subsequent stages of the procedure as if it had been part of the original complaint. except that no evidence or testimony shall be required save that the administrator did not act within the time limits.

D. If, at any time, a grievant seeks resolution of a grievance through any agency outside Portland State University, whether administrative or judicial. Portland State University shall have no obligation to proceed further under his grievance procedure with respect to such a grievance.

E. A grievant may withdraw a grievance at any time.

IV. PRESENTATION OF GRIEVANCE

A. Grievance shall first be presented within 30 days from the date of the act or omission upon which the grievance is based or from such later date that the grievant knew or reasonably should have known of such act or omission. However, in no event shall a grievance be presented more than 120 days after such act or omission except in those cases where the grievant is out of the country or on an official leave of absence.

B. ORAL PRESENTATION OF A GRIEVANCE:

1. Having decided that he or she wishes to seek redress for a grievance, the grievant shall orally present a grievance to the grievant’s department chair. At the time of this presentation, the grievant shall state that a grievance is being presented.

2. The department chair shall discuss the grievance with the grievant and shall endeavour to obtain in whatever additional information may be necessary to take action on the grievance.

3. If the grievance involves a person other than the grievant and the department chair, the department head shall, if possible, arrange a meeting which includes the other person involved. If this meeting establishes a need for more information than has already been presented or secured, the department chair shall gather such information.
4. At this stage the persons involved shall make sincere and significant efforts to settle the grievance.

5. Within 10 days of the first presentation of the grievance, the department chair shall orally notify the grievant of the outcome and record the date of notification.

6. In the expectation that a high percentage of grievances will be settled at this stage, no grievance file shall be generated.

C. WRITTEN PRESENTATION OF A GRIEVANCE:

1. Step One: Dean's Review

   a. If the grievant is not satisfied with the decision of the department chair and desires to proceed further, the grievant shall, within 5 days of being notified of the department chair's decision, present the grievance in writing to the dean on the form attached as Appendix A.

   b. Upon receipt, the dean shall immediately transmit a copy of the written grievance to the department chair and shall create a grievance file into which all written materials concerning the grievance will be placed. The grievance file shall be available at any time to the grievant.

   c. The dean shall schedule a meeting with the grievant to attempt to resolve the matter. This meeting shall occur within 10 days of the written presentation of the grievance. Either party may bring to the meeting any persons he or she wishes. The dean may conduct further meeting and inquiries as deemed necessary and proper.

   d. The dean shall conclude the review and notify in writing the grievant and the department chair of the decision on the grievance within 10 days of the meeting.

2. Step Two: Peer Hearing

   a. If the grievant is not satisfied with the dean's decision and desires to proceed further, the grievant shall, within 5 days of receipt of the dean's written decision, file a request for a hearing with the chairperson of the University Faculty Grievance Panel, using the form attached as Appendix B.

   b. The Faculty Peer Hearing Committee, having been duly constituted in accordance with Section V below, shall obtain the grievance file from the dean and provide opportunity for the grievant, dean, and department chair to submit any additional written information or written statements in connection with the grievance.
c. A request for a hearing shall be granted automatically if any fact, material or relevant to the grievance, remains in dispute. The hearing committee may deny a hearing only if the committee decides that the grievance lacks substance and no useful purpose would be served by a hearing. No such denial shall be made without first giving the grievant an opportunity to appear before the committee. The dean may also be attendance at such an appearance.

d. In the event that a request for a hearing is denied, the hearing committee shall present its report, including recommendations, to the grievant and to the Vice-President within 20 days of its final selection.

c. Within 10 days of its final selection, the hearing committee shall set a reasonable schedule for presentation of testimony.

d. The Hearing Committee shall present its report, including recommendations, to the grievant and to the vice president within 10 days after the conclusion of the hearing.

e. Procedure for the Conduct of Peer Hearings.

1) Hearings shall be open unless closed by requested by the grievant or requirement of law.

2) During the hearing an opportunity shall be provided for the grievant and the dean to present brief opening and closing statements and for both parties to present evidence and testimony and to call and cross-examine witnesses.

3) The grievant shall appear at the hearing and may be accompanied and assisted by other persons, including counsel.

4) The administrator or administrators most directly involved shall appear at the hearing and may be accompanied and assisted by other persons, including counsel. The administration shall be represented at the hearing by the dean who may be accompanied and assisted by other persons, including counsel.

5) The chairperson of the Hearing Committee shall preside at such hearings and over the deliberations of the committee. The chairperson shall have authority to rule upon questions of admissibility of evidence and exclude evidence which is irrelevant, untrustworthy, and unduly repetitious.

6) If either party to the grievance alleges that evidence or testimony may not be given on account of prohibition by law or regulation, that party shall deliver to the Committee a copy of the law or regulation. If the committee requests it, the party shall also provide any relevant Attorney General's opinion or legal decision.

7) The hearing Committee shall describe the issues considered, make findings of fact and recommendations based on those findings in a written report to the Provost.
8) Dissenting opinions, if any, by members of the Hearing Committee shall be submitted with the report if so desired by the dissenting members.

9) A recording and copies of all documents will be made accessible to all parties to the grievance.

3. Step Three: Provost’s Decision

After reviewing the Hearing Committee’s report and recommendations, the vice president shall take action on the grievance including accepting or rejecting, in whole or in part, the report and recommendations of the Hearing Committee.

The Provost shall make his/her decisions solely on the basis of evidence presented at the hearing and the report of the Committee. If he/she finds the evidence and the report insufficient to enable him/her to make a decision, he/she shall refer the matter back to the committee with a request for further evidence or findings. Upon receipt of such a request to Committee shall reconvene and within 15 days present an amended report to the provost or vice president.

The Provost shall provide written notice to all previous parties of the decision on the grievance within 10 days of receipt of the report of the Hearing Committee. Reasons for Committee shall be provided in writing to the grievant.

4. Step Four: Review by President

a. If the grievant is not satisfied with the action of the Provost, the grievant may, within 5 days of receipt of the Provost’s decision, petition the President to review.

b. Such petition may be granted or denied within the discretion of the President. Within 10 days of receipt of the petition, the President shall notify the grievant in writing whether the grievance will be reviewed.

c. If a review is denied, the reasons for denial shall be provided in writing to the grievant.

b. The President shall notify the grievant in writing of the decision and of the reasons for the decision within 30 days of the presentation of the petition for review. As part of the decision, the President may take such further action as deemed necessary and proper, including granting or denying relief, or remanding the grievance for further proceedings.

5. Step Five: Appeals of the President’s Decision

Appeals of the President’s decision shall be governed by rule 580-21-050 of the Administrative Rules of the Oregon State Board of Higher Education.
V. NON-RETAI PIATION

Regardless of the outcome of the grievance procedures, no action adverse to the grievant may be taken in retaliation for invoking the procedure.

VI. UNIVERSITY FACULTY GRIEVANCE PANEL, FACULTY PEER HEARING COMMITTEE, AND HEARINGS OFFICER

A. Membership.

1. All members of the Portland State University faculty who are employed for a full academic year at 0.50 FTE or more are eligible for membership on the University Faculty Grievance Panel. The panel shall consist of 12 members selected through a random process by the Secretary of the Faculty. The President of the University shall appoint each of these 12 persons to serve for a term of one academic year. Any person selected shall be required to serve and may be excused by the President, upon request, only in exceptional circumstances.

2. The Secretary of the Faculty shall convene the panel within 10 days of its appointment to elect a chairperson. The Secretary of the Faculty shall explain the duties of the chairperson. The election shall be accomplished by secret ballot and majority vote.

3. Vacancies, including the chairperson, occurring during the term of the panel, shall be filled in the same manner as the initial selection and appointment.

B. Faculty Peer Hearing Committee.

1. When a Hearing Committee is requested by a grievant, the chairperson of the Grievance Panel and the Secretary of the Faculty, without delay, shall draw through a random process five names from the panel, excluding the chairperson. These five persons shall be the Hearing Committee for the grievance at hand. The chairperson shall promptly notify the persons selected. The chairperson shall also notify the parties of the persons selected.

2. Within one day of receipt of such notice, each party may challenge any selection for cause. All such challenges shall be decided by the chairperson of the Grievance Panel. In addition each party is entitled to one preemptory challenge. Peremptory challenges shall be exercised within one day after all challenges for cause have been decided and replacement selected.

3. All vacancies resulting from challenges, for cause or preemptory, shall be filled by drawing names of the remaining panel members in the manner described above.

4. If the panel is exhausted, additional members shall be selected at random by the Secretary of the Faculty and temporarily appointed by the President in the same manner as permanent members of the Faculty Grievance Panel.
5. Upon completion of the selection of the Hearing Committee, the chairperson of the Grievance Panel shall promptly convene the committee. The chairperson of the Grievance Panel shall make the first nomination for chairperson of the Hearing Committee, and conduct an election in which the five members of the Hearing Committee select their chairperson. At this point the Hearing Committee is duly constituted and shall proceed with its business.

C. Hearings Officer.

The Hearing Committee shall, if it wishes, have the advice of a Hearings Officer. This will be a person knowledgeable in the conduct of judicial or quasi-judicial hearings. A slate of five names will be selected by the Advisory Council (except the initial selection as described in Article VII below) for three year terms. When a hearings officer is requested, the parties to the grievance shall alternately strike two names from the list with the first strike being determined by lot. The remaining person will be the hearings officer. The hearings officer will advise the Committee on interpretations of this document, on procedural questions, on the admissibility of testimony and evidence, and on the Committee's rights to compel the giving of testimony or evidence.

VII. INITIAL SELECTION OF THE SLATE OF HEARINGS OFFICERS

Upon the approval of this document by the Faculty Senate and by the President, the ad hoc committee which revised the Grievance Procedures shall meet to make the initial selection of five names to establish the first slate. Each shall serve a three year term. At the end of that three year term, the provisions for selecting a slate of names in VI C above shall be used. Upon the selection by the ad hoc committee of the initial slate, this article will drop from the Procedures.
The proposed rule has been circulated to the institutions, faculty organizations and other interested persons for review and comment. Virginia Boushey, Assistant to the Executive Vice Chancellor, will report on comments received prior to the Board meeting.

Staff Recommendation to the Board

The staff recommended that the Board adopt a temporary rule on grievance procedures after holding an informal hearing to receive comments from interested persons. The staff recommended the following rule language:

Grievance Procedures

580-21-050 (1) The institutions shall adopt, in consultation with faculty advisory committees including female and minority faculty and representatives of certified bargaining units, if any, appropriate grievance procedures, in accordance with the rule making procedures of the Administrative Procedures Act. The grievance procedures shall apply to all unclassified academic employees with faculty rank.

(2) "Grievance" means a complaint by an academic employee that the employee was wronged in connection with reappointment, compensation, tenure, promotion, or other conditions of employment. "Other conditions of employment" shall include, but not necessarily be limited to, violations of academic freedom, discriminatory employment practices and nondiscriminatory employment practices and laws, rules, policies and procedures under which the institution operates. The adopted procedures shall not lessen any employee rights under existing institutional grievance procedures.

(3) The rules shall:
   (a) Set out the details of a grievance procedure appropriate to the institution;
   (b) Include both informal and formal steps. The formal steps shall include an appropriate administrator, a faculty committee (at the option of the grievant), and the institution president. However a grievance may be resolved at any step. In a formal grievance, all complaints, responses, and decisions must be in writing;
   (c) Establish for each time limits within which a grievance must be filed and which will permit timely resolution of issues. Informal grievances shall receive a response within 15 calendar days. In no instance shall the length of time between the presentation of the written grievance and the Board's decision be more than 150 days, unless agreed to by the grievant. In the event a decision is not made at any level within the designated time limit, the grievance shall be forwarded to the next step;
(d) Provide for a hearing, at the option of the grievant, by a faculty committee selected by the faculty at the institution.

(4) The institution may elect not to proceed with a grievance if the grievant also seeks resolution in another forum.

(5) The institution shall adopt rules of procedure for the faculty committee which allow for:
   (a) A meaningful opportunity for the grievant to be heard;
   (b) An opportunity for each party to present evidence argument, and rebuttal;
   (c) The right to representation for each party at that party's expense;
   (d) A hearing open to the public at the option of the grievant to the extent allowed by law;
   (e) Written conclusions, based only upon evidence presented at the hearing; and
   (f) Access by each party to a complete record of the hearing.

(6) The faculty committee shall make recommendations regarding the disposition of the grievance.

(7) Unless the grievance is resolved at a lower level, the president of the institution, or a designee of the president, shall review the recommendations of the faculty committee, if any, and the president shall issue a decision.

(8) If the president rejects or modifies the recommendations of the faculty hearing committee, the reasons shall be stated in writing, and a copy provided to the grievant.

(9) The grievant may appeal the decision of the president to the Board. The Board shall adopt rules for hearing appealed cases and may delegate the case to a hearings officer. In either case, the appeal shall be heard and a decision reached by the Board within 60 days. Board review shall be limited to a review of alleged errors by the institution with respect to procedure, adherence to Administrative Rules or applicable law.

(10) Where collective bargaining agreements or Administrative Rules exist at an institution in which grievance procedures are specified and such procedures exceed the standards in this rule, such agreements or Administrative Rules shall control.

(11) After consultation with the appropriate faculty committees and approval of the Chancellor's Office, each institution shall adopt its rules by June 1, 1988.

(12) Each institution shall report annually to the Board beginning July 1989 on the number, basis, and outcome of all formal grievances filed under the rules herein required.
Faculty Senate
Portland State University
Campus

Dear Senators:

Attached is the report of the Budget Committee Task Force.

We were given complete access to employees and data sources. However, largely because of the Attorney General's investigation, some of the employees and data sources were not immediately available. Further, some data for earlier years is very sparse and often not comparable with later data.

This report is essentially factual with only limited recommendations. We were forced by time constraints to accept figures we were provided at face value. We did not conduct an audit.

Cordially,

Richard C. Halley
Chair

E. Dean Anderson

Barry F. Anderson

Michael C. Henton

Janice E. Jackson

College of Liberal Arts and Sciences  Department of Psychology  503/464-3923
BUDGET COMMITTEE TASK FORCE REPORT

INTRODUCTION

The Budget Committee Task Force was appointed by the University Budget Committee in April 1988. Task Force members include:

Richard B. Halley, Emeritus of Economics (Chair)
E. Dean Anderson, Emeritus of Education
Barry F. Anderson, Psychology
Michael C. Henton, Accounting
Janice E. Jackson, Finance and Law

The Task Force's charge was to "independently examine the operations of the PSU Foundation in relation to practices and recordkeeping and prepare a written report of the results to be presented at the June meeting of the Faculty Senate." In addition to this broad, general charge, the Task Force was asked to answer the following seven questions submitted by the Faculty Senate:

1. Is there money spent from Foundation funds for the use or benefit of Provost Frank Martino, Vice President Judith Nichols, Vice President Roger Edgington, or Dean Vergil Miller of the School of Business Administration and, if so, in what amounts and for what purposes?

2. Which Portland State University employees receive money from the Foundation and in what amounts and for what purposes?

3. Who submits recommendations to the Foundation for money to be spent for the use and benefit of Portland State University employees, who decides upon the money to be spent and what reporting is received by the Executive Committee and the Board of the Foundation?

4. Has money been spent for the use or benefit of President Sicuro or his family or members of the Portland State University Administration at a time when there were no unrestricted funds available without borrowing from the restricted funds?

5. Is there a special account for Mrs. Linda Sicuro, and, if so, what money has been spent for her use and benefit and for what specific purposes?

6. You have told us that money was loaned from restricted funds for unrestricted purposes and that you hope to have this money repaid within one to four years. At the time you loaned these restricted funds, did you tell the donors of these restricted funds that you were using this money for unrestricted purposes and obtain their permission?
7. We understand from the Channel 6 report that a "workable agreement" has been made to repay moneys loaned from restricted funds for unrestricted purposes. This being the case, what form does the agreement take, and may we see a copy of the agreement?

An additional question submitted by Greg Goekjian, English, on May 13 and presented to the Task Force at its May 17 meeting asked the Task Force to "investigate the financial balances (and rumored imbalances) of the School of Business Administration" and to clarify "the relationship... between the SBA and the Foundation..."

CHRONOLOGY

A strong and vigorous Portland State University Foundation is essential if Portland State University is to provide significant research and educational support for the Portland region, as outlined in its higher education mission statement. The Foundation has increasingly involved--along with officials and faculty of the University--public members with stature in the metropolitan area. These people have been attracted by a commitment to the University's mission and its role in meeting needs of the region, and they deserve a strong vote of appreciation from the University community. However, to be of the most value to the University, the Foundation must also have sufficient independence from the University to supplement resources beyond the limitations of state funded budgetary guidelines.

The Foundation, over the years, has steadily increased the availability of funds from its own efforts and from substantial fund-raising by the Foundation, faculty, and the administration. A continuation of logistic support of the Foundation by the University through the Executive Director and the Development Officer will require careful coordination to maintain the vitality of Foundation participation.

The Foundation was established circa 1963, with E. Dean Anderson as Executive Director. In 1978, he was succeeded by Peter Vant Slott. Philip Bogue took over in 1983 and was Executive Director in 1987, when he was succeeded by Judith Nichols. A list of events that are relevant to our following discussion of Foundation activities follows.

1985. Chancellor's Office requests that each university in the State System provide up to fifty Presidential Scholarships. The Foundation agreed to attempt to fund between fifteen and seventeen, at a total cost of about $10,000.

January, 1986. After considerable exploration of alternatives, the Foundation purchased a $100,000 computer system. The $100,000 was paid in cash with funds from the money pool. We understand that it was contemplated to replace the
money from fund-raising and income receipts, at a rate of $25,000/year over a period of five years. Because of the way the transaction was handled, it was apparently not responsible for the deficit in the unrestricted accounts.

October, 1986. President Sicuro requested that the Foundation provide a package of supplements, including (a) a life insurance policy with half the proceeds to go to the Foundation and half to Mrs. Sicuro; (b) use of an insured car; (c) membership in the University Club; (d) travel expenses of Mrs. Sicuro up to $3,000; (e) entertainment and travel expenses related to PSU development; and (f) season symphony tickets for himself, Mrs. Sicuro, and guests. The Foundation Executive Committee approved the package with a $20,000 cap.

April 23, 1987. Vice President Edgington sent a letter to Executive Director Bogue, requesting the transfer of $13,082.60 to a University account for the purchase of furniture for the Zehntbauer House.

April 28, 1987. Judith Nichols arrives on campus and is introduced to the Foundation board members at their April 28 board meeting where it is moved and carried that she be appointed Executive Director.

May 6, 1987. Bogue approved the furniture request.

August, 1987. Family memberships in the Willamette Athletic Club are purchased for President Sicuro and Judith Nichols; each membership is at a cost of $450 initiation fee, with monthly dues of $90.

**TASK FORCE ANSWERS TO THE SPECIFIC QUESTIONS OF THE FACULTY**

One. Payments to administrative officers by the Foundation for fund-raising and recruiting were not examined by the Task Force. These items, which would include travel, telephones, entertainment, et al., are quite varied and constitute a substantial amount of the Foundation's expenditures for these purposes. We found no record of salary supplements for Provost Frank Martino or Vice President Roger Edgington. Vice President Judith Nichols receives a taxable membership in the Willamette Athletic Club of approximately $1,000/year, beginning August, 1987. Dean Vergil Miller receives a $1,475/month salary supplement from specific business donors and memberships in the University Club and Multnomah Athletic Club (latter pending but $600 installment paid on initiation fee). The salary supplement dates from 1983, when Miller was recruited by the University.

Two. Many University employees receive repayments through the Foundation for University-related expenditures. We did not examine the accounts to verify any supplements in schools or colleges other than the School of Business Administration, about which specific questions had been asked. With respect to the
School of Business Administration, the following individuals, in addition to Dean Miller, received salary supplements in 1987 (in the sense of receiving additional money for doing their regular jobs).

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sam White, Associate Dean</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Steven Brenner, then Associate Dean</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Robert Harmon, Marketing Department Head</td>
<td>1,000.00</td>
</tr>
<tr>
<td>John Oh, Finance and Law Department Head</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Alan Raedels, Management Department Head</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Barbara Alberty, Director of Student Services</td>
<td>1,000.00</td>
</tr>
</tbody>
</table>

The salary supplements received by the Associate Deans are provided by a specific donor grant for that purpose only. The additional salary supplements are paid out of the School of Business Administration Corporate Associates Account. This account, though designated in the sense of being for the School of Business Administration, is apparently unrestricted in use by the Dean. The Corporate Associates are said to have passed a resolution in the last few weeks stating for the record that use of these funds is completely within Dean Miller's discretion.

Three. Approximately 90 percent of the money placed in the Foundation is for designated expenditures in specific schools or colleges and is paid on presentation of a voucher of a grant recipient, department head, dean, or other administrator. Expenditures that come from unrestricted funds and interest on the portfolio are normally recommended and vouchered by the Executive Director and are expected to be approved by the appropriate Foundation committee. A budget cap is normally placed on operational expenditures by the appropriate Foundation committee. The authorization and handling of some non-routine expenditures are described in the section on the handling of restricted and non-restricted funds.

Four. Yes, since the amount of unrestricted expenditures exceeded the amount of unrestricted funds (in other words, there were not enough unrestricted dollars in the money pool to pay for the unrestricted expenditures; therefore, dollars in the pool intended for restricted purposes had to be used). However, since restricted and unrestricted monies are commingled in a common portfolio, it is impossible to say from which restricted funds the money was borrowed.

Five. Yes. A travel account with a $3,000 cap was established for Mrs. Sicuro, to be spent on University-related business. The best data we can obtain indicate that $1,989 has been spent by Mrs. Sicuro. According to financial statements of accounts provided by the Foundation, President Sicuro has spent approximately $26,000. This included Foundation Board expenditures, entertainment, and other items.
Six. No. Under a pooling system for monies, the sources of expenditures for operations, fund-raising, etc. is not determinable, unless arbitrary allocations are made continuously to all restricted funds. We have no evidence that the owners were told of borrowing from restricted funds nor that interest was paid on any such loan. Because unrestricted funds are such a small amount of the total, it would be difficult and time consuming to allocate borrowing continuously to restricted accounts.

Seven. We were not informed of any formal agreement to repay money to restricted funds. However, the "workable agreement" statement may mean that the University will provide $150,000 for activities of the Foundation and that the Foundation will make assessments on some accounts in the future.

Eight. The School of Business Administration has approximately nineteen Foundation accounts according to an interim report prepared by the School of Business Administration and covering the period from July 1, 1987 through April 30, 1988. While all are designated accounts in the sense that all are earmarked for the School of Business Administration, particular funds within the nineteen may be further "restricted" in use (e.g., designated for a particular department such as Accounting or restricted to a particular purpose such as the Faculty Endowed Scholarship Fund), or they may be "unrestricted" (such as the BA General Account or the Corporate Associates Account). Some of the accounts are the product of fund-raising (e.g., Corporate Associates); others reflect funds provided by faculty teaching in outside seminars (e.g., Strategic Technical Group or American Tax Institute) or are the results of students' efforts in doing consulting for local firms as part of a Creative Marketing Strategy class (funds in the Graduate Programs Account). Overall, the nineteen funds have a surplus of over $100,000. However, much of this surplus is located in funds having restrictions as to use, and not all individual accounts are in balance. Most notably, the Dean's supplementary salary account ($1,475/month) is in deficit $47,756.43. This is said to be the result of the specific donors who agreed to contribute to this fund not making the promised payments, and the salary supplement having to be paid from other funds. Apparently, a stop on further payment of the salary supplement has been recently initiated by the Foundation until such time as the deficit in the account is brought under control. The BA Building fund shows a positive balance of $60,646.50; the concern that the purchase of furniture for the new School of Business Administration building had caused a deficit situation in this account was unfounded as the University had loaned the SBA something in excess of $200,000 from the University equipment account to pay for furniture for the new building. The interim report shows that $45,437 has been repaid from the BA building account to the University on this loan. The relationship between the SBA and the Foundation is further discussed later in this report under the heading, "Accountability."
SUMMARY OF CONCLUSIONS

We will clarify some of the answers to these questions and elaborate in the material that follows. The conclusions that we have arrived at on the basis of our investigation are as follows.

One. The types of perquisites and business expenses provided by the Foundation to the President are commonly provided at other universities, and the amounts, based upon the reports of accounts provided to us by the Foundation, do not seem to be unreasonable. Further, some perquisites and reimbursement of business expenses have been given to University administrators in the past; however, the current amounts are higher.

Two. The Foundation does not appear to be functioning as effectively as in previous years, as indicated by the fact that the rate of increase in giving has fallen below the trend line established prior to 1986-87.

Three. The Foundation has serious financial difficulties. The faculty, as well as the Foundation Board and the University administration, must continue to play a key role in fund-raising in order to restore financial health. It is evident that the administration recognizes Foundation difficulties by its proposals to use $150,000 of state funding in 1988-89 to stimulate a substantial increase in funds coming to the Foundation. Only by doing this will it be able to pay for faculty travel, scholarships, and other items, to which it is now contributing, as well as have monies for fund-raising activities. It will require a very large increase in the size of the Foundation portfolio to provide sufficient interest to meet present commitments.

Four. The Foundation does not appear to be maintaining the proper degree of independence from the University as is required by Oregon administrative rules relating to higher education. In some cases, decisions that should have been made by a duly authorized committee and/or the board appear to have been made, instead, by the Executive Director, a University employee who reports to the PSU President. The problem is further compounded by the fact that adequate records of committee meetings have not been kept as required by state nonprofit corporation law and the Foundation's own Articles and Bylaws. There has been a lack of internal controls and insufficient accountability over Foundation accounts. Decisions such as continued funding and extension of compensation support packages, even those reasonable in amount, would seem to require full discussion and prior approval in times of deficit spending.
PRESIDENTIAL PERQUISITES AND EXPENSES

According to 1984 Compensation and Benefits Survey of College and University Chief Executive Officers, a report prepared for the Association of Governing Boards of Universities and Colleges and the College and University Personnel Association, the kinds of perquisites and expenses provided by the Foundation for President Sicuro are the standard of practice at universities around the country. Figure A presents selected data from this survey. We have been unable to obtain comparative data on the amounts of these perquisites and expenses generally and so are unable to comment on this point.

The Chronicle of Higher Education (June 1, 1988, pp. A17ff) reported on current trends regarding perquisites and expenses for spouses of university presidents. The following statements are particularly germane:

Under a new system of spouses' benefits adopted by the University of California system last fall, "thought to be the first of its kinds for a public-university system, spouses of the system president and nine campus heads--called chancellors--are eligible for a title and benefits. ....such benefits as an official business card, a university identification card that permits access to official facilities, travel expenses, insurance coverage, and workers' compensation. . . .

(It isn't unusual for a spouse at a large public university to be provided with a university-owned car and administrative help for official business.)

FOUNDATION EFFICIENCY: RETURN ON THE UNIVERSITY DOLLAR

An attempt was made to measure the overall efficiency of the Foundation, in terms of return on the PSU dollar. PSU's investment in the Foundation was taken to be the sum of PSU budget accounts 90-050-8809, Development Office, and 90-050-8810, Foundation Services. These budgeted amounts are displayed in Table A and Figure B for academic years 1980-81 through 1987-88. The return to PSU was taken to be Line 13, Program Services Expenses, from the Foundation's IRS Form 990. (Program expenses are monies that the Foundation spends on the programs, such as scholarships and faculty travel, that it supports.) These amounts, also, are displayed in Table A and Figure B, though only for the academic years 1980-81 through 1986-87. The bracketed amount for 1987-88 will be explained shortly.
Figure A

BENEFITS for UNIVERSITY CEO's

Source: Microfiche ED 274 228 (1984)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>RES1</td>
<td>Residence</td>
</tr>
<tr>
<td>RES2</td>
<td>Household staff</td>
</tr>
<tr>
<td>RES3</td>
<td>Remodeling allowance</td>
</tr>
<tr>
<td>CAR</td>
<td>Personal car provided</td>
</tr>
<tr>
<td>ENT1</td>
<td>Reimbursement for actual out-of-pocket entertainment expenses</td>
</tr>
<tr>
<td>ENT2</td>
<td>Fixed allowance for business entertainment</td>
</tr>
<tr>
<td>ENT3</td>
<td>Use of institution staff to assist with entertainment</td>
</tr>
<tr>
<td>TRV1</td>
<td>Reimbursement for actual out-of-pocket expenses</td>
</tr>
<tr>
<td>TRV2</td>
<td>Separate travel allowance</td>
</tr>
<tr>
<td>SP1</td>
<td>Staff/facilities to assist spouse in entertaining</td>
</tr>
<tr>
<td>SP2</td>
<td>Secretarial staff for spouse as needed</td>
</tr>
<tr>
<td>CLB1</td>
<td>Luncheon club</td>
</tr>
<tr>
<td>CLB2</td>
<td>Country club</td>
</tr>
<tr>
<td>CLB3</td>
<td>Other private club</td>
</tr>
<tr>
<td>CLB4</td>
<td>Health club</td>
</tr>
<tr>
<td>INS</td>
<td>Supplemental life insurance</td>
</tr>
</tbody>
</table>
Table A. FOUNDATION RETURN on the PSU DOLLAR

<table>
<thead>
<tr>
<th>PSU Budget Accounts</th>
<th>Foundation Form 990</th>
</tr>
</thead>
<tbody>
<tr>
<td>8809 + 8810</td>
<td>Program Expenses</td>
</tr>
<tr>
<td>80-81</td>
<td>$385,676</td>
</tr>
<tr>
<td>81-82</td>
<td>$417,628</td>
</tr>
<tr>
<td>82-83</td>
<td>NA</td>
</tr>
<tr>
<td>83-84</td>
<td>$897,389</td>
</tr>
<tr>
<td>84-85</td>
<td>$1,045,284</td>
</tr>
<tr>
<td>85-86</td>
<td>$1,815,437</td>
</tr>
<tr>
<td>86-87</td>
<td>$1,209,620</td>
</tr>
<tr>
<td>87-88</td>
<td>[$1,313,822]</td>
</tr>
</tbody>
</table>

A prediction line was fit to the program expenses for all years of the Blumel administration since 1980, except 1985-86. Academic year 1985-86 was excluded from this analysis on the grounds that the receipt of an unusually large gift that year, the Portland Center for Advanced Technology building, might make the total for that year unrepresentative of overall performance during the Blumel administration. However, because the PCAT building was a genuine return to the University, excluding that year will result in a prediction line that is somewhat too low. The prediction line fits the data from the remaining four years quite well (r = .98, standard error of estimate = $78,599).

It can be seen that the point for 1986-87, the first year of the Sicuro administration, falls below the prediction line for the preceding years. (Because it falls more than two standard errors of measurement below the prediction line, the difference is statistically significant.) This suggests that the Foundation is in "poorer health" than before. (When the data point for 1985-86 is included, the difference is larger and remains statistically significant.)

Data on returns to PSU from the Foundation are not yet available for 1987-88, the second year of the Sicuro administration. However, data on gifts to the Foundation are available through May of 1988. In an attempt to predict Program Services Expenses for 1987-88, data on gifts to the Foundation were obtained for July through May of 1984-85, 1985-86, and 1986-87, and a regression equation was developed for predicting Program Services Expenses from these data for these years. The regression equation fit the data from these three years quite well (r = .97, standard error of estimate = $145,834). On the basis of this regression equation, Program Services Expenses are predicted to be $1,313,822 for 1987-88. This amount is shown in brackets in Table A and represented as a bracketed triangle in Figure B. This point, also, falls significantly below the prediction line for the Blumel administration. The "illness" appears to be continuing.

PSU's investment in the Foundation, represented by the bottom line in Figure B, appears to have been fairly constant from 1980-81 through 1986-87. However, it increased sharply during 1987-88. The reason for this increase is discussed in the
FOUNDATION RETURN on the PSU DOLLAR

Horizontal Axis. Academic Year.

Vertical Axis. Amounts of either (a) University budgeted expenditures on the Foundation (lower line) or (b) Foundation program expenditures (upper line and all data points).

Plusses. Foundation Program Expenses during five of the last six years of the Blumel administration. (This information is not available for 1982-83.) The upper line is the best-fitting line to the lowest four of these years.

Triangle. Foundation Program Expenses during the first year of the Sicuro administration.

Bracketed Triangle. Estimated Foundation Program Expenses during the second year of the Sicuro administration. (See text.)

Lower Line. Total amounts budgeted by PSU for Development Office and Foundation Services.

Conclusions. (1) University budgeted expenditures rose sharply in 1987-88. (2) The Foundation return to the University, as measured by its program expenditures, was significantly lower during 1986-87 and 1987-88 than would be expected on the basis of earlier performance.
section on the Foundation's handling of restricted and unrestricted funds.

All that can be concluded to this point is that a correlation exists between administration (Blumel vs. Sicuro) and the total amount of money returned from the Foundation to the University, as measured by the Program Expenses line item on the Foundation's Form 990s. (Recall that, by excluding the best year of the Blumel administration from the analysis, we have underestimated this correlation.) However, correlation is not causation. In the remainder of this discussion, a number of alternative possible causal explanations for this correlation will be considered.

Economic conditions. One possible explanation for the decline is a decline in the economic conditions favorable for fund-raising. To test this explanation, we compared the PSU Foundation with foundations for all PSU's comparator institutions on which relevant data were available from the Council for Aid to Education (CFAE). The measure we used was CFAE's Column 1, Total Support. This measure was available for both 1985-86 and 1986-87 for the following comparator institutions:

<table>
<thead>
<tr>
<th>Institution</th>
<th>85-86</th>
<th>86-87</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cal State at Dominguez Hills</td>
<td>$442,366</td>
<td>$748,078</td>
<td>37.2%</td>
</tr>
<tr>
<td>Cal State at Fresno</td>
<td>$4,400,612</td>
<td>$4,877,632</td>
<td>47.4%</td>
</tr>
<tr>
<td>George Mason U.</td>
<td>$2,049,145</td>
<td>$4,022,207</td>
<td>33.8%</td>
</tr>
<tr>
<td>Northern Arizona</td>
<td>$2,881,624</td>
<td>$4,334,636</td>
<td>39.9%</td>
</tr>
<tr>
<td>Oakland U.</td>
<td>$2,649,131</td>
<td>$3,400,207</td>
<td>43.8%</td>
</tr>
<tr>
<td>Old Dominion</td>
<td>$1,536,250</td>
<td>$2,445,167</td>
<td>38.6%</td>
</tr>
<tr>
<td>U. of Texas at Arlington</td>
<td>$5,580,942</td>
<td>$3,824,297</td>
<td>59.3%</td>
</tr>
<tr>
<td>U. of Texas at San Antonio</td>
<td>$895,581</td>
<td>$932,847</td>
<td>49.0%</td>
</tr>
<tr>
<td>Wright U.</td>
<td>$1,848,229</td>
<td>$2,290,592</td>
<td>44.7%</td>
</tr>
</tbody>
</table>

The mean increase over this period for these institutions was 45.3%. This is shown in Figure C as the short line rising above the Blumel predictor line. Apparently, 1986-87 was a good year for raising funds. Indeed, The Chronicle of Higher Education (Volume XXXIV, Number 31, April 13, 1988, page 1) recently reported:

> Private financial support of the nation's colleges and universities rose an estimated $1.1-billion in 1986-87. The increase was the largest on record.

The overall growth of $1.1-billion is the largest increase recorded in private gifts since the council began conducting its survey in 1954.
Horizontal Axis. Academic Year.

Vertical Axis. Total Voluntary Support for Institution, as reported by the Council for Aid to Education.

Plusses. Total Voluntary Support during the last four years of the Blume administration. The long line is the best-fitting line to the lowest three of these years.

Diamond. Total Voluntary Support during the first year of the Sicuro administration.

Inverted Triangles. Application of the mean percentage increase for PSU's comparator institutions to the predicted Total Voluntary Support for 1985-86.

Conclusion. The decline in voluntary support experienced by Portland State University in 1986-87 was not experienced by its comparator institutions.
Thus, the decline in fund-raising does not seem to be explainable in terms of a decline in economic conditions.

**Systemic inertia.** The explanation for the decline most frequently offered in preliminary discussions is that it takes time for a new administration to have an effect on a large and complex system. One consideration that argues against this explanation is that what has been observed is, not an absence of change, but a change in the negative direction. The system has responded. Another consideration that argues against this explanation is discussed in the next paragraph.

**Non-specific effect of a change in administration.** According to this explanation, any change in administration is likely to result in a temporary decline in giving. In order to find out whether this is true, we contacted Norma Walker, Director of Educational Fund-Raising at the Council for Advancement and Support of Education (CASE). Dr. Walker said that our best sources of information would be Edward Coll, President of Alfred University, and William Pickett, President of St. John-Fisher College. Before becoming president, each had been the principal fund raiser at an institution of higher education, and each continues to be interested in fund-raising and research on fund-raising and maintains a close relationship with CASE. We contacted each of them, and each gave us permission to quote him. In close paraphrase, this is what each said:

- **President Edward Coll:** A new administration should not "miss a beat" in fund-raising. A good fund raiser will show an "up beat" during the first year.

- **President William Pickett:** If the foundation has shown regular increases in giving, there should ordinarily be no change in performance during the first year of a new administration. If the new president places a high priority on fund-raising, there should be an increase in performance during the first year. A drop would be very surprising.

Apparently, what we have observed is not to be expected as a consequence of simply changing the administration. Considering President Sicuro's commitment to fund-raising, the reverse, if anything, is to be expected. (Also, the statements from these two sources suggest that the system does not have the inertia assumed by the preceding hypothesis.)

**Change from the Blumel administration to the Sicuro administration.** According to this hypothesis, it is something about the personnel or practices of the Sicuro administration that is responsible for the decline. This "hypothesis" is, of course, actually a set of hypotheses, one of which is considered in the next paragraph.
Emphasis on deferred giving. Judith Nichols, the Executive Director of the Foundation, has put into place a fund-raising strategy that places greater emphasis on deferred giving; the benefits of such a strategy cannot be expected to show up for some time. The problem with this explanation is that the 1986-87 data point is based almost entirely on performance before Judith Nichols' arrival.

We believe that we have established that there has been a decline in the efficiency with which the Foundation raises money, and we believe that we have eliminated some possible explanations of the cause of this decline. More detailed analyses follow.

HANDLING OF RESTRICTED AND UNRESTRICTED FUNDS

One of the most confusing accounting conventions is the treatment of restricted versus unrestricted funds. The following is a summary of changes in unrestricted fund balances:

<table>
<thead>
<tr>
<th>Unrestricted Fund Balance</th>
<th>Alumni</th>
<th>General</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance June 30, 1983</td>
<td>$ 66,472</td>
<td>$ 80,712</td>
<td>$ 147,184</td>
</tr>
<tr>
<td>Net change</td>
<td>(2,555)</td>
<td>(16,055)</td>
<td>(18,610)</td>
</tr>
<tr>
<td>Balance June 30, 1984</td>
<td>63,917</td>
<td>64,657</td>
<td>128,574</td>
</tr>
<tr>
<td>Net change</td>
<td>(4,136)</td>
<td>12,160</td>
<td>8,024</td>
</tr>
<tr>
<td>Balance June 30, 1985</td>
<td>59,781</td>
<td>76,817</td>
<td>136,598</td>
</tr>
<tr>
<td>Net change</td>
<td>43,446</td>
<td>(7,085)</td>
<td>36,361</td>
</tr>
<tr>
<td>Balance June 30, 1986</td>
<td>103,227</td>
<td>69,732</td>
<td>172,959</td>
</tr>
<tr>
<td>Net change</td>
<td>(134,460)</td>
<td>(19,294)</td>
<td>(153,754)</td>
</tr>
<tr>
<td>Balance June 30, 1987</td>
<td>(31,233)</td>
<td>50,438</td>
<td>19,205</td>
</tr>
<tr>
<td>Net change</td>
<td>(36,433)</td>
<td>(126,249)</td>
<td>(162,682)</td>
</tr>
<tr>
<td>Balance May 23, 1988</td>
<td>$(67,666)</td>
<td>$(75,811)</td>
<td>$(143,477)</td>
</tr>
</tbody>
</table>

Source: Annual Reports audited by Peat Marwick except May 23, 1988 balance which was provided by the Foundation's Accounting Department.

Unless otherwise provided for by the restricted funds, the burden of financing management support, fund-raising and other discretionary program spending is absorbed by the unrestricted funds. In an increasingly competitive fund-raising environment, it appears that donors are partial to the notion that they can specify 100 percent use of the funds for program-specific expenses. Of the $1,359,243 in gifts and donations reported in the June 30, 1987 audited financial statements, $135,289 was unrestricted and $1,223,954 was restricted.
A variety of different policies and conventions are acceptable for matching applicable overhead costs with restricted and unrestricted activities. The Foundation has consistently allocated substantial amounts of investment earnings (that are not restricted by the donor) to the unrestricted fund to provide resources to cover overhead costs. This is a common practice for foundations. 

A major issue arises as to the extent to which current-year revenues and other resources are sufficient to pay for the activities of the Foundation during the year, and whether current year activities are being financed by shifting part of the payment burden to future years by using up or transferring previously accumulated resources. Long-term prudent fiscal management would dictate a balance between resources and expenditures. In the short-term, a deficit balance is not necessarily cause for alarm but is a significant financial indicator. If there is a deficit balance, proper planning must be instituted to manage the deficit and/or to eliminate the deficit. Over the past two years, the unrestricted fund balance has declined from a positive balance of $172,959 to a deficit balance of $143,477. Considering the size of the Foundation's asset base and the ability to generate gifts and donations, we believe the deficit position is significant. Remedial actions should be implemented immediately. We have requested detailed information relating to expenditures in the unrestricted funds; however, the information could not be provided in time to be included in this report. We believe it will be included in the Attorney General's report.

Finally, the confusion relating to the unrestricted funds is further compounded by the fact that the Foundation accounts for investments based upon fair market value but the difference between cost and market value is not apportioned between restricted and unrestricted funds. The above-noted fund balances are based upon cost values. For all funds the total market value of investments at June 30, 1987 exceeded total cost by $648,630. No estimation of amounts to apportion to the various funds is available. An apportionment would probably reduce current deficits.

DECISIONMAKING WITHIN THE FOUNDATION

The Legal Setting of Decisionmaking: Oregon Revised Statutes, Oregon Administrative Rules, Foundation Articles and Bylaws

The PSU Foundation is incorporated under the Oregon Nonprofit Corporation Law (ORS 61.385). Its Restated Articles of Incorporation were filed with the state in June 1971. Article V of the Restated Articles provides for a board of directors composed of three groups elected for staggered three-year terms.
ORS 61.121 "Board of Directors" provides at subsection (2) that "all corporate powers shall be executed by or under the authority of, and the business and affairs of a corporation managed under the direction of, its board of directors."ORS 61.141 "Committees" states that the board may designate one or more committees, each consisting of two or more directors, which, with some exceptions, shall have and exercise the authority of the full board in management of the corporation to the extent provided in the corporate bylaws (exceptions include, among other things, items such as amending, altering, or repealing the bylaws or amending the articles). The same section further provides that "the designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any individual director of any responsibility imposed upon the board or individual director by law." (Emphasis added.)

Under ORS 61.151 "Officers," the officers of a nonprofit corporation shall generally consist of a president and a secretary" and such other officers and assistant officers as may be deemed necessary." Furthermore, ORS 61.161 states that each corporation "shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, board of directors and committees having any of the authority of the board of directors." (Emphasis added.)

The PSU Foundation is further subject to Oregon Administrative Rules 6.401-6.431 regarding relations with "affiliated organizations." Rule 6.401 "Purpose of Independent Affiliated Organizations" states at subsection (1) that "an independent affiliated organization is a nonprofit corporation created by persons outside the institution to assist and support the institution." Subsection (3) provides:

Despite the complimentary nature of the institution and affiliated organization activities, the Board assures independence of affiliated organization decisionmaking by prohibiting Board and full-time institution employees from holding positions as voting officers, directors, or trustees of the independent affiliated organizations supporting their respective institutions.

Rule 6.411 "Receipt and Use of Gifts and Bequests" adds at subsection (2): "The independence of the affiliate precludes the possibility of its resources being substituted for legislative appropriations."

The Bylaws of the PSU Foundation, as amended August 4, 1986 and April 22, 1987, provide at Article IV Section I for a board of directors consisting of twenty-seven elected directors, the president of the University's Advisory Board, the president of the University's Alumni Association, the chair of the Business Advisory Council, and the president of the Viking Athletic
Association. It also specifies that the president of the University's Faculty Senate shall serve as an ex-officio member of the board of directors (no other ex-officio members are indicated in the Bylaws). It should be noted that under the most recent official amendment, the number of elected directors increased from twenty-one to twenty-seven; the number of designated from two to four; and the number of ex-officio from none to one. Article IV, Section 7, specifies that "the business and affairs of the Foundation shall be managed and controlled by its board of directors. Article IV, Section 8 requires an annual meeting of the board of directors to be held during the month of May. Generally, additional meetings are considered special meetings and may be called by the board, the executive committee, the president, the secretary or the executive director of the Foundation. One-third of the number of directors in office constitutes a quorum, and the act of a majority of directors present, assuming there is a quorum, is generally sufficient to bind the board.

In accordance with Oregon law, the Foundation Bylaws provide for an executive committee consisting of eight directors of the Foundation, including the Foundation president who acts as chairman of the committee. Section 3(b) of the Bylaws states that "between meetings of the board of directors, the executive committee shall have and exercise the authority of the board of directors in the management of the Foundation, excepting as to matters concerning which the board of directors is required to act." It further states that "the executive committee shall consult with and advise the president on all matters pertaining to the affairs of the Foundation and shall have and exercise such specific powers and perform such specific duties as prescribed by the Bylaws or as the board of directors shall from time to time prescribe or direct." As to other committees, Section 4 of the Bylaws states that "[a]ll other committees. . .shall consist of at least one director and may include such nondirectors as may be appointed thereto by the board of directors, the executive committee or the president." [This provision appears to be in conflict with the Oregon Nonprofit Corporation Law which requires at least two directors on a committee.] A majority of the members of a committee constitute a quorum, and any transaction of a committee shall require a majority vote of the quorum present at any meeting. Section 7 of the Bylaws provides that "[e]ach committee shall keep minutes of its proceedings and make a written report to the body or person that appointed the committee of its action within a reasonable time subsequent thereto."

Article VII of the Bylaws details the required officers of the Foundation, namely a president, vice-president, secretary, and a treasurer, each elected annually by the board from its membership. The Foundation President is "charged with the general supervision, management, and control of all the business and affairs of the Foundation." The president "shall sign, with the secretary or any other proper officer of the Foundation thereunto authorized by the board of directors or the executive
committees, any contract or other instrument which the board of directors or executive committee has authorized to be executed," (emphasis added) except in cases where the signing and execution thereof shall be especially delegated by the board of directors, executive committee or by these Bylaws to some other officer or agent of the Foundation, or shall be required by law to be otherwise signed or executed." Among other things, the secretary is obligated to keep books of the minutes, and the treasurer must "render to the president and directors at the meetings of the board or whenever requested by them an account of the financial condition of the Foundation." The treasurer is also an ex officio member "of any committee of the Foundation empowered to disburse or to commit funds of the Foundation." (Emphasis added.)

The assistant treasurer under Article VII, Section 8(b), shall, subject to the direction and control of the treasurer, "have charge and custody of all Foundation funds and shall keep in books belonging to the Foundation full and accurate accounts of all receipts and disbursements. . .[and] shall disburse the funds of the Foundation, taking proper vouchers for such disbursements. officio member of any Foundation committee empowered to disburse or commit funds, then the Assistant Treasurer shall be an ex officio member of any such committee.

Article VIII authorizes the board of directors or the executive committee to appoint an executive director to serve at the pleasure of the board or the executive committee. The executive director may be an employee of the Foundation, and subject to the direction and control of the board, the executive committee, or the Foundation president, "shall be the chief administrative officer of the Foundation and shall direct and supervise the business and affairs of the Foundation." The executive director shall also be an assistant secretary and assistant treasurer of the Foundation and an ex officio member of all committees.

Regarding contracts, Article X, Section 1 provides that the "board of directors or the executive committee may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the Foundation. . . ." Section 3 states that "[a]ll checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Foundation shall be signed by the officer or officers, agent or agents, of the Foundation and in such manner as shall from time to time be determined by resolution of the board of directors or the executive committee." And Section 4 specifies that "[n]o loan shall be made by or to this Foundation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution by the board of directors or the executive committee."

Article XI, Gifts, Section 4, Administration of Funds and Accounts, (a) Finance and Investment Committee requires the existence of a Finance and Investment Committee consisting of three or more persons, including at least one director, appointed
by the board or the executive committee with responsibility for the investment, reinvestment, administration, and general management of the assets of the funds. Section 4(c) Disbursement of income and principal, provides that "[s]ubject to the particular terms of any gift, grant, devise or bequest, the Oregon Nonprofit Law, the Restated Articles of Incorporation and these Bylaws, and the control and direction of the board of directors and the executive committee, the disbursement of the income or principal from any fund or account shall be made at such times, in such amounts, for such purposes and for the benefit of Portland State University as the Board of Directors or executive committee may determine." (Emphasis added.)

Foundation Practice

The above provisions seem to make it clear that decisionmaking regarding disbursement of funds and/or contracting should be done by the board of directors or a properly authorized committee for whose decisions the full board remains responsible and accountable under Oregon law. While the PSU Foundation has authorized an executive committee and numerous other committees, it appears that at least, in some instances, authorization by the executive committee or another duly authorized committee and/or the full board was not obtained before actions involving significant numbers of dollars were taken. These include:

President's Furniture Purchase. It has been confirmed in discussions with both the Executive Director and the President of the Foundation and by a review of all available committee minutes that neither executive committee nor board approval was obtained prior to the disbursement of $13,082.60 in Foundation funds for the purchase of furniture for the President's home (including 2 Drexel chairs, 1 Drexel server, 1 pedestal table, 2 arm chairs, 6 side chairs, 1 stiffel lamp, 2 wall sconces, 1 drexel sofa, 1 cocktail table, 1 sofa table, 1 dining table pad, 2 sets of fireplace tools, a microwave/convection oven, microwave oven, answering machines, vacuum, snack tables, siesta ottoman, and king size bedframe). A letter from Roger Edgington to then Executive Director Phil Bogue, dated April 23, 1987, requested the transfer of $13,082.60 to a PSU account for purchase of the items. This request was okayed by Phil Bogue on May 6, 1987, and a check for that amount was made out to the PSU account on the same date. Executive committee members learned of the disbursement only months later, and in the last month or so the executive committee has discussed a resolution approving the purchase retroactively. While it has been suggested that such a purchase is within the "implied powers" of the Executive Director, the Foundation Task Force Review Committee feels that such a significant disbursement requires prior authorization by the board or a duly authorized committee both under Oregon law and Foundation articles and Bylaws. Moreover, because the Executive Director of the Foundation is also a university employee (Bogue was Assistant to the President for University Relations), there is the matter of maintaining the proper
"independence" of Foundation decisionmaking as required by Oregon Administrative Rule 6.401(3) relating to "affiliated organizations." Again, this rule provides that the State Board of Higher Education "assures independence of affiliated organization decisionmaking by prohibiting Board and full-time institution employees from holding positions as voting officers, directors, or trustees of the independent affiliated organizations supporting their respective institutions." This rule denies Board and full-time institution employees even a vote in the decisionmaking process. To permit such an employee the right to make a unilateral decision without committee or board consultation and approval is, at the least, tantamount to a "voting right" and thereby seemingly prohibited by Rule 6.401(3). What is further perplexing is that Judith Nichols was appointed by the board at its April 28, 1987 meeting to the position of Executive Director of the Foundation. It is not clear what capacity Phil Bogue was acting in when he "approved" the furniture expenditure on May 6.

Executive Director's Willamette Athletic Club Membership and dues. Similarly, there appears to be no approval by the Executive Committee and/or the board for the payment of Willamette Athletic Club Membership and dues for Vice President Judith Nichols who, as just stated, was appointed Executive Director by vote of the board at its April 28, 1987 meeting. A family membership was purchased with Foundation funds (from the "major donors" account) on August 27, 1987. The initiation fee for a family membership is $450.00 and monthly dues are $90.00. Again, the issue is the apparent lack of prior approval by the executive committee and/or board, with the decision to commit Foundation funds ostensibly made by the Executive Director, a university employee.

Helm and Purcell contract. On October 1, 1987, Portland State University entered into a personal/professional services contract with Helm & Purcell, a law firm located in Westlake Village, California. The contract was for consulting services relating to organizing, implementing, and marketing a planned giving program. The term of the contract was from October 1, 1987 through June 30, 1988 and called for payment not to exceed $14,800 (plus out-of-pocket expenses including airfare, meals, lodging, and other travel costs), with payment to be made monthly upon receipt of the bill at a rate of $1,644.00 plus expenses. Vice President Nichols signed the contract on behalf of the University. Although the contract was set up originally with the university within the university development account, payments on the contract totalling $12,879.59 have been made with Foundation funds from the "major donors" account beginning in October, 1987, and the contract was apparently ultimately transferred to the Foundation accounts. This is so despite the fact that there is no clear authorization in any available executive committee or board minutes to retain this law firm as consultants on behalf of the Foundation or to disburse funds in payment of this contract. Bill Lindblad, President of the Foundation, was not readily familiar with the contract and stated
that he did not sign it. On June 3, our committee was told by Roger Edgington, Judith Nichols, and Phil Bogue that this was a university account, and that because the university was short on funds, a temporary loan was made from the Foundation to the university to make a payment on the contract; the loan, they indicated, had been paid back. However, Foundation printouts show the following payments made by the Foundation on the Helm & Purcell contract, none of which appear to have been paid back:

<table>
<thead>
<tr>
<th>Date</th>
<th>Service Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/29/87</td>
<td>Helm &amp; Purcell INV.#870002</td>
<td>$1,644.00</td>
</tr>
<tr>
<td>11/20/87</td>
<td>Helm &amp; Purcell SERVICES</td>
<td>294.00</td>
</tr>
<tr>
<td>01/28/88</td>
<td>Helm &amp; Purcell PROFESSIONAL SERVICES</td>
<td>3,344.59</td>
</tr>
<tr>
<td>02/23/88</td>
<td>Helm &amp; Purcell CONSULTING FOR PRES. REPORT</td>
<td>2,081.95</td>
</tr>
<tr>
<td>02/29/88</td>
<td>Helm &amp; Purcell PROFESSIONAL SERVICES</td>
<td>1,673.00</td>
</tr>
<tr>
<td>04/25/88</td>
<td>Helm &amp; Purcell PROFESSIONAL SERVICES/INV. 880080</td>
<td>1,615.00</td>
</tr>
<tr>
<td>05/20/88</td>
<td>Helm &amp; Purcell SERVICES/INV. #880100</td>
<td>2,227.05</td>
</tr>
</tbody>
</table>

$12,879.59

On June 3, Foundation accountant Joanne Redifer stated that while the first payment on the Helm & Purcell contract was made by the University, Ms. Redifer said she was instructed in October 1987 by Judith Nichols to reverse out the encumbrance for this contract from the university development account, which had no funds, and to place it within the Foundation. There was no discussion with her at the time of this being a loan, and Ms. Redifer further stated that no funds had been paid back on the contract.

Even if the transaction was a short term loan which the Foundation records do not seem to bear out, this would still beg the question. The Foundation Bylaws provide specifically at Article X, "Contracts and Banking," Section 4, "Loans," that "no loan shall be made by or to this Foundation...unless authorized by a resolution by the board of directors or the executive committee." Again, there appears to be no authorization by the executive committee and/or the board for disbursing funds on this contract; nor does there appear to be be authorization for extending a loan of nearly $13,000 to the university. It would seem that a decision to retain an out-of-state consulting firm at a $1,600/month retainer must be fully discussed and approved by an authorized committee or the board, with the discussion and approval noted in the minutes of the committee's and/or board's meeting. Apart from the approval issue, discussion by the executive committee and/or board would also bring directors' expertise to bear on the advisability of going out of state for such services. With a PSU Foundation receiving donations from Portland and other Oregon firms, would it not be appropriate for the board to use Portland or other Oregon firms rather than those from California?

President's Compensation Package. Following the executive committee's initial approval of a presidential support package for Fiscal Year 86-87, supplemental support for the president was
continued eight months into the following fiscal year without executive committee formal approval and reporting to the board. The support package was, in fact, extended to include a second club membership in August 1987 at the Willamette Athletic Club. It is not clear who authorized this second membership. Given the deficit position in the unrestricted funds ($162,682 as of June 30, 1987), it would seem that discussion and formal approval should have preceded continuance of the support package and its extension to a second club membership. The detail as to the support package for each fiscal year follows.

**Fiscal Year Ending June 30, 1987.** The October 15, 1986 Executive Committee minutes clearly show a discussion and approval of the president's "expense reimbursement and supplemental compensation" to be provided by the Foundation for the fiscal year ending June 30, 1987. The minutes state that "after a thorough discussion, it was moved, seconded and passed unanimously that the Foundation commit up to $20,000 for the year ended June 30, 1987" for a specified list of expenditures including a lease or installment purchase of an automobile; $500,000 of life insurance, 1/2 payable to Mrs. Sicuro and 1/2 payable to the Foundation; travel expenses of Mrs. Sicuro up to a maximum of $3,000; symphony tickets; entertainment and travel expenses related to PSU development; and initiation fees and dues to the University Club of Portland. Presumably, a copy of these executive committee minutes were provided to the board. However, there appears to be no comment on or discussion of the executive committee's action at subsequent board meetings.

**Fiscal Year Ending June 30, 1988.** The PSU president continued to receive his supplemental support package during the following fiscal year; the package was extended to include a family membership in a second club—the Willamette Athletic Club. Although the executive committee resolution of October 15, 1986 was limited to providing support for the 86-87 fiscal year, no new resolution was discussed or approved by the executive committee or board authorizing continuance of the package or addition of a second athletic club. It was not until the February 17, 1988 meeting of the executive committee (eight months into the fiscal year) that a resolution was introduced and adopted by the executive committee to approve retroactively "supplemental compensation and expense reimbursement to Dr. Natale Sicuro at the same level provided for in the prior fiscal year. . .APPROVED." The resolution specifying compensation and reimbursement "at the same level" as the prior year did not address the question of the adding of the second athletic club (added in August of 1987). It would seem that such a resolution should have been made prior to continuance of the package and that extension of the club memberships to include a second club should have been specifically addressed in the resolution. This is particularly so in light of the financial difficulties the Foundation was experiencing at the time.

**Fiscal Year Ending June 1989.** Two months after approving retroactively compensation for Fiscal Year 87-88, the executive
committee on April 20, 1988 accepted the Budget Committee's recommended Fiscal Year 88-89 Operating Budget including "funding for President Sicuro's supplemental compensation package at the same level as Fiscal Year 87-88." The executive committee requested Roger Pease, Budget Committee chair, to "report it to the Board for approval at the April 26, 1988 meeting." At the April 26 1988 board meeting, the board approved the proposed operating budget including the support package for the president at "approximately the same level as that provided for the president in 1987-88."

PSU Foundation Operating Policies and Procedures. The Operating Policies and Procedures document summarizes procedures relating to Foundation activities including the 5% levy and 2% administrative fee assessments initiated in January 1988 (these levy provisions are currently under review by a Foundation committee which may be recommending changes in the policy). It is not precisely clear from a study of the available committee and board minutes when this policy statement was approved, although the April 26, 1988 board meeting minutes show that board approval was requested and obtained at the April 26 meeting to make an addition to the minutes of the September 23, 1987 board minutes "to show that the revised Operating Policies were reviewed and approved by the board" at the September 23 meeting. A review of the unamended minutes from the September board meeting, which actually took place on September 22, indicates that "Roger Pease reported the policy on operations was being formalized and will be discussed at the next [board] meeting." The minutes of the October 27, 1987 board meeting show a statement by Roger Pease directing the board members "to review... the operating policies document in the board packet." It does not indicate any discussion or approval of the policy. It is also noted that the "Preliminary Business and Financial Appraisal of the PSU Foundation," Draft dated 4/13/88, prepared by Lou Merrick's office, states: "24. Operational Procedures policy needs to be approved by the Board."

Disbursements

Article XI of the Foundation Restated Articles of Incorporation, Section 4(c) states that "the disbursement of the income or principal from any fund or account shall be made at such times, in such amounts, for such purposes and for the benefit of Portland State University as the Board of Directors or executive committee may determine." The Articles further talk in terms of committees "empowered to disburse or to commit funds." The PSU Foundation Operating Policies Statement, said to have been approved in September 1987 states at V. "Receiving Gifts," D. "Administering Gifts" that "funds are disbursed at the agreement of the Foundation Board." Yet funds appear to have been disbursed in some cases without the executive committee's and/or board's authorization. President Sicuro noted at a July 1987 executive committee meeting that "the Foundation Board is not directly involved with disbursements." Bill Lindblad, in speaking with our committee, stated that directors are generally
not involved with disbursements, but if there is a sensitive matter involved, such as compensation, that would generally be referred to the directors.

Recordkeeping

The Oregon Nonprofit Corporation Law at ORS 61.161 requires a nonprofit corporation to keep correct and complete books and records of account and to keep minutes of the proceedings of the board of directors and committees having any of the authority of the board. Section 7 of the Foundation Bylaws also requires each committee to keep minutes of its proceedings and make a written report to the body or person that appointed the committee of its action within a reasonable time subsequent to the action. Apart from executive committee and board minutes, virtually no committee minutes were available, making it very difficult to trace the activities of the various Foundation committees.

Accountability

With regard to operating accounts (equities), the PSU Foundation Operating Policies document states that such accounts are established by a letter or memorandum to the Foundation. "Equities may be established by any University employee." Expenditures from such accounts are authorized by the individual responsible for establishing the equity or a department chair. There is no level of expenditure requiring dual authorization, although expenditures over $500 require two check signatures. The policy goes on to state that "the equities are monitored by the Foundation accountant. Verification of authorization and of a balance to cover the expenditure is required before check is issued." Prior to January of this year, the Foundation did not require all individuals establishing accounts to provide documentation of expenses when submitting vouchers for reimbursement or other expenditures. For example, in attempting to answer Question Eight relating to the School of Business Administration, our committee learned that all documentation, prior to January, was maintained only within the School of Business Administration, and the Foundation had no detail as to the specifics of business expenses or reimbursement requests. As long as authorized, the requests for payment would be honored. Such a practice could pose serious problems of accountability with regard to operating accounts. Beginning in January, the Foundation began requiring documentation to be sent to the Foundation along with authorization and the correct number of signatures. Yet the Operating Policies document does not seem to go far enough. It calls only for verification of authorization, signatures, and fund balance prior to issuance of a check. There is no determination as to whether the expenditure falls within the stated purpose of the equity account.
MEMORANDUM

June 7, 1988

TO: PSU Faculty

FR: Senate Steering Committee

The PSU Faculty Senate at its June 6, 1988, meeting voted to conduct a poll of the PSU faculty by means of a secret ballot. The poll is to be conducted by the Secretary to the Faculty under the supervision of the Senate Steering Committee.

Instructions:

1. Please respond to the questions on the attached sheet.

2. Put the ballot into the envelope marked "Elections Committee" and seal the envelope.

3. Place the sealed envelope into another regular envelope, seal it, and sign your name across the seal. Also please print your name and department below your signature.

4. Return the ballot in person or by mail to U.H. Hardt-ED by 5:00 p.m. Monday, June 13, 1988. (Hand-carried ballots may be delivered to Melinda Williamson, 608 ED).
Faculty critics of President Natale Sicuro have been described in recent communications as a small group of vocal dissidents whose criticism is motivated by an unwillingness to accept change, such as that envisaged in the PSU Plan for the 90's. The purpose of this survey is to establish the truth or falsehood of this characterization.

A. How satisfied are you with President Sicuro's leadership?

- Extremely satisfied
- Quite satisfied
- Somewhat satisfied
- Neutral
- Somewhat dissatisfied
- Quite dissatisfied
- Extremely dissatisfied

B. How far would you like the University (if the funds were available) to move toward the goals that the PSU Plan for the 90's sets for YOUR school or department?

Mark one of the boxes below or fill in an appropriate percentage.

- Not at all (0%) (0)
- Part of the way ___%
- All the way (100%) (0)
- Beyond those goals (100+%) ___%
- No opinion (0)

6/88