

To: Members of the Portland State University Community

From: Members of the Executive Committee (Wim Wiewel, President; Lindsay Desrochers, Vice President for Finance and Administration; Roy Koch, Provost and Vice President for Academic Affairs; Cassie McVeety, Vice President for University Relations; Chip Lazenby, General Counsel)

Re: Committee on Long Term Institutional Fiscal Strategies

Committee formation

We propose the formation of an ad hoc committee on Long Term Institutional Fiscal Strategies (LTIFS) to provide recommendations on fundamental actions that the University could take to achieve a more robust financial condition in the coming biennium and beyond. A primary consideration of the Committee should be to preserve, and where possible grow, the quality of the academic and research programs and the related support services at Portland State University. In addition, the work of the Committee should be largely focused on actions that the University has the authority to undertake and that can have a major impact in terms of either budget reduction and/or budget reallocation.

Context

Over nearly the past two decades, State funding for the Oregon University System, and Portland State University in particular, has been uncertain and often decreasing. During that period, we have been required to address frequent and significant reductions in state funding and have done so through a combination of budget reductions and revenue enhancements—principally increases in tuition and changes in tuition structure. These budget reductions have impacted the nature of the institution and the way we are able to serve our students and the community. To preserve access to education, we have reduced administrative support to levels that are simply not adequate to serve our students and faculty with the level of quality we think is appropriate. We also have changed the mix of faculty, engaging more fixed-term, full-time and part-time faculty, since these appointments focus almost entirely on instruction and can serve more students and generate more tuition revenue per FTE. While we have made some progress in restoring both administrative support and tenure-line faculty, principally in this biennium, our enrollment

continues to grow, and it is difficult to reverse these trends with the ongoing levels of, and the frequent variation in, funding.

We are again entering a period where state funding is certain to decline substantially due to the extent of the national and worldwide financial crisis and recession. The duration and depth of this recession is uncertain but expectations are that it may be several years before we see recovery. Even when that occurs, the economy may not return to its previous state, suggesting that State funding is not likely be restored to the levels of the 2007-09 biennium for a long time. As we address the question of how we will confront the issue of reduced funding yet again, we must ask whether we can continue to respond to budget reductions through incremental changes or if there are more fundamental issues that we must confront.

Committee charge

The LTIFS Committee will:

1. Consider whether there are organizational or structural issues that impact our efficiency and/or effectiveness. With the exception of our University Studies program, we have a very traditional organization, both academically and administratively. Is this the most effective way for an Urban Research University in the 21st century to organize given our mission and commitment to engaged educational and research programs? Because we are organized in this traditional way, are there inefficiencies that result? Are there historic structures that do not contribute to the efficient and effective use of resources?
2. Consider whether there are operational approaches that could lead to more efficient and effective use of institutional resources. Can technology be used in ways that enhance the educational experience for students and better support faculty and staff, allowing them to be productive? Are there other means by which operational efficiency and effectiveness can be achieved?
3. Identify alternatives for revenue enhancement that provide a more robust and financially sustainable base of funding for the University. Given the historic decrease and high variability in state funding and the uncertain duration and depth of the current recession, the institution needs to identify and develop alternative funding streams and implement them consistent with providing opportunity for higher education and promoting retention and completion.

4. Consider whether there are University-wide approaches, in addition to incremental reductions within the academic and administrative units, which could be used in dealing with the budget deficits for the 2009-11 biennium. These might be permanent or temporary actions that allow the University to transition to an organization with a more stable financial condition. The internal budget process at Portland State is currently based on allocations to the major academic and administrative units and as such, budget reduction proposals are focused at the unit level and not on institution-wide alternatives. Do broader alternatives exist and if so, what are they and what are the issues involved in their implementation?

5. Suggest approaches and criteria to be used in academic and administrative program consolidation or reorganization. Such approaches might decrease the educational options or administrative services; however, by providing greater support for the programs that remain, the quality might be improved.

Portland State is part of the Oregon University System and is a State agency. As such, there are constraints on our operation and we are not free to change these. The Chancellor's Office and the State Board of Higher Education are actively working to remove some of these constraints that have significant budgetary impact. Our efforts should be focused on what we can do as an institution to continue to lead higher education in the Portland metropolitan region and grow as a national model of an urban research university.

Committee appointment and membership

The LTIFS Committee will be appointed by the President and be composed of senior leadership from the faculty, staff, administration and students. Given the Committee's charge to address budgetary issues, and the fact that most of our budget supports personnel, direct participation by members of the three unions will be sought. The specific composition will include:

- One faculty member who is a member of AAUP
- One faculty member who is a member of AFT
- One staff member who is a member of SEIU
- One faculty member from the Faculty Senate Budget Committee
- One faculty member from the Educational Policy Committee
- Two deans
- One associate or assistant dean or academic department chair

- Three directors of administrative units
- One academic professional from an administrative unit
- One undergraduate student
- One graduate student

The President will select members of the Committee and has invited two or three nominations from each of the constituencies listed above. The President will appoint one of the LTIFS Committee members as chair. The work of this Committee will be difficult, evaluating fundamental assumptions regarding organization and operation. As such, those selected will be individuals who have a history of leadership in the institution and bring both a commitment to the institution and its future as well as an understanding of the perspectives and interests of the groups of which they are a member.

Committee support

The LTIFS Committee will be supported by the University administration, including the Budget Office, the Office of Academic Affairs, and the Office of Institutional Research and Planning, and will have access to the individuals and data that are required to carry out its work. The Committee may also be assisted by a facilitator, if necessary, to meet the expected timeline. The Committee will be staffed to support the scheduling and documentation of meetings.

Timeline and reporting

The Committee will be appointed before February 28. The President requests recommendations from the Committee in the form of a written report by April 30. The Committee is encouraged to engage the broader campus community in developing alternatives and to provide opportunities for input through open meetings and electronic communication.