

**REPORT TO PRESIDENT BERNSTINE
AND THE
EXECUTIVE COMMITTEE
PORTLAND STATE UNIVERSITY**

**Budget and Priorities Committee
June 3, 2003**

On Friday, May 22, the Budget & Priorities Committee held its second public hearing on the financial challenges facing the university in the forthcoming 2003-2005 biennium. For the public hearings the committee posted twelve documents (attached here as appendices 1-11) that constitute its work over the past three and one half months:

1. President Bernstine's Charge to the Committee
2. The Committee's Criteria for Budget Scenarios Identifying Revenue enhancements and Expenditure Reductions to meet an anticipated decline in the state appropriation to the university
3. The Committee's request to the administration for these scenarios
4. Provost Tetreault and Vice Provost Driscoll's instructions to CADS-Plus for the scenarios
5. OAA detailed scenarios, "low," "medium," and "high"
6. OAA Budget 2003-04 Reduction Summary
7. FADM detailed scenarios, "low," "medium," and "high"
8. Net University Wide 2003-04 Budget Reduction Summary
9. Committee alternative approach (draft, in development) to allocating budget reductions
10. Other Budget Related Issues
11. Budget and Priorities Committee's White Paper

In the campus hearings testimony was offered on a number of issues: specific proposed program cuts, alternative approaches to reducing payroll expenses (voluntary reduction in hours, interterm campus closings), the possibility of (further) drawing down of reserves, the benefits and costs of eliminating or changing the "tuition plateau," the significance (or not) of intercollegiate athletics at this time and in the future, and other issues.

Furthermore, many recommendations were presented to the Committee on the Web Suggestion Form. The number of entries was relatively small until the week of the public hearings, during which approximately forty individuals wrote to comment on the hearings and to recommend one or more budget-related initiatives.

The above documents, the compiled remarks submitted to the Committee's Suggestion Form on the web (attached as appendix 12), the summary of testimony at the two campus hearings (appendix 13), and the following remarks constitute the committee's report/recommendation to the President and Executive Committee.

Budget Scenarios for the 2003-2005 Biennium

The committee recommends that any budget reduction be met by means of specific revenue enhancements/expenditure reductions outlined in (1) OAA detailed scenarios, "low," "medium," and "high"; (2) FADM detailed scenarios, "low," "medium," and "high"; (3) University Relations detailed scenarios, "low," "medium," and "high"; and (3) Net University Wide 2003-04 Budget Reduction Summary (above). The committee specifically opposes a declaration of exigency and across the board cuts, favoring instead cuts in keeping with the university's values, as embodied in the criteria that guided us through this process, outlined in the committee's March 21, 2003, request to the university administration for budget scenarios:

"The Budget & Priorities Committee believes that the crucial criterion for budgetary decisions in the face of prospective budgetary stringencies is the goal of maintaining the University's growth trajectory, as outlined in the University's planning documents. PSU's growth trajectory includes several elements (which are not listed in priority order; we consider them interdependent):

- Growth in enrollment together with proportionate growth in human resources, facilities, technologies, and training necessary to provide larger numbers of students a high quality educational experience.
- Growth in the regional, statewide, national, and international recognition the University receives for its innovative educational programs, scholarship of distinction, and research capacity/productivity.
- Growth in public-private partnerships and in related entrepreneurial activities, which are necessitated by a continuing decline in state assistance to the University.
- Growth in multiple funding streams that include, among others, research funding and private fund raising and in the infrastructure and incentives necessary to sustain that."

In making its recommendations the committee is aware of remaining uncertainties, each of which has the potential to alter significantly the university's budget for the 2003-2005 biennium:

- The approval (or not) of proposals to (1) institute various fees and (2) eliminate/revise the PSU tuition plateau
- The final state appropriation to OUS and, in turn, the OUS distribution of this appropriation to the PSU campus
- The financial affects (if any) of legislative reforms to PERS in the 2003-2005 biennium
- The outcome of the proposal before the legislature to apply agency fund balances to the projected shortfall in state revenues
- The outcome of the proposal before the legislature to eliminate tuition remissions
- Contract negotiations with AAUP, OPEU, AFT
- Enrollment trends, 2003-2005

Should the eventual resolution of the above result in revenue that allows the university to avoid cuts proposed in the "high" scenarios--which appears to be the most likely outcome at this point--the committee recommends:

- Restoring tenure-line positions slated for elimination (approximately \$1 million)
- Restoring classified and unclassified positions, especially those related to instruction and research
- Restoring remissions slated for elimination under the category of "University General" (\$400,000)
- Restoring support for TA's in the University Writing Center (\$38,000)
- Restoring positions cut in OSA (\$225,000), in the case that vital positions in this category are not restored by proposed fees now under consideration by OUS.
- Restoring the 24/5 library schedule (\$100,000)

Furthermore, in the event that these restorations are made without exhausting additional funds, the committee recommends that the university make additional restorations according to the Visions, Values, and Priorities of the university and the criteria applied in the budget scenarios--that is, that priority be given to support of growth in enrollment, development of the university's distinction in scholarship and research, and initiatives to create public and private partnerships related to PSU's educational and research mission. The committee also recommends that the administration restore funding where possible to physical plant maintenance.

Intercollegiate Athletics

In the campus hearings--and on the Web Suggestion Site--the one budget-related program that received the greatest number of comments is the cost of Intercollegiate Athletics. Both students and faculty spoke in favor of intercollegiate athletics as a vital part of campus programs, emphasizing the growing significance--to students and to the larger community--of a high profile, successful Division I program to attracting students to PSU and to increasing the university's stature in the city, state, and region.

That said, at the public hearings and on the web suggestion site the majority of faculty/staff comments questioned the capacity of PSU to maintain the accelerating university subvention of the intercollegiate athletics program. (See Appendices 13 and 14) Testimony at the hearings, and comments (fifteen) on the Web Suggestion site recommended partial reduction or full elimination of intercollegiate athletics. These remarks emphasized that, since PSU moved to Division I, the university and student subvention of IA has increased more quickly than the university budget itself, that external financial support has been disappointing, that attendance at PSU football and basketball games has not begun to approach levels projected when the university joined the Big Sky conference.

In an email to the committee chair, one senior member of the faculty recommended a poll of faculty, students, and staff to measure the level of support for intercollegiate athletics on this campus. While the Web suggestion forum suggests the extent of sentiment in favor of a substantial reduction in student and university funding of intercollegiate athletics, the committee is also aware of strong support, among students and within the faculty, of intercollegiate athletics as central to the growth and development of the university. The faculty query about campus--student, staff, faculty--sentiment about intercollegiate athletics is well taken. Currently, it is not possible to measure with any precision the balance between campus (and community) support of intercollegiate athletics and corresponding concern over the financial tradeoff this funding entails for other university programs.

While the committee does not recommend elimination of a major sport or a move (back) to Division II, given the level of budget cuts that have been proposed for other instructional, research, and administrative (especially those related to maintenance of the physical plant) programs and departments, the committee does recommends a deeper reduction in the university subvention to intercollegiate athletics. Specific recommendations include:

- A reduction of \$200,000 beyond the \$200,000 currently proposed. A cut of \$400,000 represents 15% of the current university subvention, or 5.3% of the program's overall budget of \$7.6m for the 2003-2004 fiscal year.
- A cap, by 2005-2007, of the university's subvention of intercollegiate athletics at \$2.5m. This recommendation takes into account widespread concern over the consistent escalation in the university subvention of athletics since PSU's move to Division I. It also expresses the committee's hope that the high expectations, enunciated in the proposal that PSU move to Division I, will be borne out--that external support and attendance at Viking events will grow substantially.

White Paper

The Budget and Priorities Committee "White Paper" is submitted to encourage discussion of structural changes to the funding and governance of higher education in this state, to identify inefficiencies in state regulations that burden the university, and to propose internal initiatives that hold out the prospect of the university better serving its students and the larger community. It represents our current best thinking on these issues.

Respectfully submitted,

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