

Legislature cuts university funding; what it means for PSU

The Oregon Legislature has approved an operating budget for the Oregon University System that will cut state funding by \$115 million, or 14 percent, in 2011-13 from the current biennium. For Portland State University, that likely will translate to a \$17.7 million reduction when OUS determines campus allocations. That cut, combined with projected cost increases in health care and pensions for employees and other enrollment-related costs, means an estimated \$29.4 million shortfall for PSU.

To help make up the anticipated shortfall, the state Board of Higher Education recently approved tuition increases at PSU and all state universities. In addition, Portland State required administrative and academic units to make budget cuts this year and to return a large portion of fund balances that were carried from last fiscal year into this year.

These budget-balancing measures are difficult and have involved months of study and discussion with faculty and students. Last month, Howard Bunsis, a professor at Eastern Michigan University who is an officer of the American Association of University Professors, gave a presentation to PSU faculty that took issue with some of these measures based on certain assumptions. Now that the Legislature has finalized OUS spending, here are his assertions versus the facts as PSU heads into a new fiscal year on July 1:

- **Dr. Bunsis said cuts are not needed to balance PSU's budget next year.**

That is not the case given the reduction in state funding, rising health care and pension costs, rising energy costs, rising financial and technology costs and increased spending to hire more student advisers, provide more library services and other expenses necessary to keep pace with enrollment growth.

- **Administrative cuts and spending reserves would balance PSU's budget, according to Dr. Bunsis.**

The university has taken aggressive steps to do that, mandating 3 percent budget cuts for all administrative and academic units and requiring units to return 30 to 40 percent of year-end balances. But that is not enough, and that is why PSU and other universities sought a tuition increase and are cutting costs. Moreover, making short-term cuts doesn't solve the long-term problem of sharply reduced state funding.

- **Dr. Bunsis said the state's loss of federal stimulus money is not important to PSU.**

In fact, the 2010 state appropriation for PSU included \$6.7 million in federal stimulus money, which ends this year. That's a significant amount of money no longer available to PSU.

- **PSU's faculty salaries are significantly behind their peers, according to Dr. Bunsis.**

The university has made administrative and other cuts and sought a tuition increase in large part to protect academic programs and faculty. The most recent comparative data from peer institutions in 2009-10 show that total compensation (salary and benefits) is not significantly different between PSU and peer institutions: PSU compensation of professors is 92 percent of compensation at peer institutions on average, 100 percent for associate professors, 95 percent for assistant professors and 99 percent for instructors.

- **Dr. Bunsis said instructional expenses are less than 35 percent of total expenses and have declined over time.**

That figure is based on non-education and general expenses, such as student health fees, housing and parking, which have increased as enrollment has increased. Under Oregon law, those funds cannot be spent on instruction. Including them in this analysis skews the percentage. Between 2006 and 2010, instructional expenses averaged 55 percent of PSU's total education and general fund, which is a similar percentage at peer institutions.

For more details on PSU's budget process and plan, go to:

- <http://www.pdx.edu/news/university-leadership-presents-2011-12-budget-proposal>
- <http://www.pdx.edu/budget/2011-2012-academic-budget-process>