

Date: May 2, 2007

To: University Budget Team

From: Ray Johnson, Chair, Faculty Senate Budget Committee

Re: Comments on Proposed Budget Changes for 2007-08.

The purpose of the memo is to outline the conclusions of the Faculty Senate Budget Committee (Budget Committee) regarding proposed budget changes for 2007-08. These budget changes include:

1. A series of one time cost savings aimed at restoring the university fund balance in the approximate amount of \$2,343,000.
2. Permanent cost reductions in the approximate amount of \$1,205,000.
3. Revenue enhancements that are estimated to bring in an additional \$2,345,000 of revenues with an underlying cost of approximately \$322,000.

In addition, approximately \$1,393,000 of potential budget additions, plus another \$575,000 of additional high priority needs, have been identified for potential budget restoration if resources allow.

The Budget Committee clearly recognizes that the current level of Education and General Budget spending is not sustainable, given the current resource base. The Budget Committee also wants to thank the University Budget Team for consulting with the budget committee at every step in the process before significant decisions were made. Last year's budget committee also recognized that there are significant areas within the university that needed reinvestment. As chair of the Budget Committee, I wanted to take this opportunity to comment on (1) the budget process, (2) make specific comments on the proposals that were discussed with the Budget Committee and university community and, (3) address work that is still in process.

Comments about the Budget Process

The Budget Committee wants to acknowledge the administration for the openness of the budget process. In our opinion, two important goals have been accomplished. First, PSU now has a budget process that is open to proposed budget changes and allows for feedback from the university community before significant budget changes are made. Second, PSU has begun a process where we have an open history of major budget decisions and the university community can follow how the budget changes from year to year. In our opinion, these are significant accomplishments.

Specific Comments on Budget Proposals Discussed with the University Budget Committee

The Budget Committee is supportive of the proposed budget changes for 2007-08 that are outlined in the first paragraph of this report. During budget hearings and we heard no significant comments that raised concerns about the proposed (1) one time cost savings (2) permanent cost reductions, or (3) proposed revenue enhancements. On the last item we were particularly pleased to hear that scholarship funding will be available to graduate students who are particularly impacted by increases in graduate tuition.

The Budget Committee has three issues that it would like to raise for consideration.

1. A number of proposals involve investments in activities such as improved advising, or spending funds on recruiting out of state students, that should lead to improved revenues for the university. There needs to be some form of accountability and monitor results to see that investments are delivering the expected return. While some of the expected revenues this may be difficult to directly tie to investments (e.g., investments in advising and student success activities), it is important to follow-up to determine if the university is getting the expected return on investments. Given that a plan as been put together to estimate increased revenues that may result from investments in student recruiting and student retention, the university needs to find a way that we can monitor actual results and compare those outcomes with the initial plan.
2. The Budget Committee wants to confirm that budget for 2007-08 assumes no changes in the mix of tenure track and fixed term faculty. One possible strategy for meeting budgets is to reduce the use of tenure track faculty, with no change in budgeted expenditures. We have discussed this verbally, and are merely confirming our understanding that the upcoming budget assumes no changes in the ratio of tenure track to fixed term faculty.
3. We have several comments regarding the priority for strategic investments if sufficient funding can be found.
 - a. University services and supplies budgets are woefully underfunded. The Budget Committee raised this issue last year and we feel that we need to address it once again. Many departments have not had increases in their S&S budget since the early 1990's. This means that other funds intended for direct student credit hour production, faculty support/development, etc. are paying for supplies, copiers and phones. Not having sufficient infrastructure and support funds adversely impacts the quality of what departments do as well as the quantity of student credit hour departments can produce. S&S budgets are a hidden factor that limits departments and is unlikely to be addressed unless the central administration makes it a priority.
 - b. During the 2006-07 fiscal year, the Office of Information Technologies (OIT) took significant budget reductions. Looking back, this has caused significant problems. Instructional technologies are not working as they have in the past, which is causing problems for students and faculty. PSU must look at restoring the quality we have previously experienced in OIT.

Budget Work in Process

The Budget Committee recognizes that priorities for reinvestments in academic areas have not yet been developed and establishment of academic priorities is a work in process. Previous budget committees have noted a feeling that there are considerable inequities in the present budget allocations, and that efforts should be made to bring resource allocations equal across units before starting a new budgeting process. The same committee recognized that reasonable people may disagree on where this inequity is or how to determine what is equitable. We encourage an open discussion of planned reinvestments in academic areas in the same way that other infrastructure reinvestments have been made public, allowing faculty and the budget committee to provide input on proposed academic reinvestments. This will allow an open discussion of the equity across units and a view to how PSU will attempt to fund academic priorities given the current level of support from the Oregon Legislature and the Oregon University System.