

“With her own wings”:  
Toward Securing Portland  
State University’s  
Financial Base

“She flies with her own wings”  
–Oregon state motto

Our vision is to be an internationally recognized urban university known for excellence in student learning, innovative research, and community engagement that contributes to the economic vitality, environmental sustainability, and quality of life in the Portland region and beyond. (Portland State University, *Vision, Values and Priorities*, 2002)

At Portland State University we intend to become known as a premiere institution of higher education and remain true to our core values--promoting intellectual inquiry through our undergraduate and graduate programs as well as creating and applying new knowledge, extending access to learners of all descriptions, fostering a rich interchange of ideas within a climate of mutual respect, remaining open and reflective, and committing to community and civic engagement: “Let knowledge serve the city.”

It is the view of the Budget and Priorities Committee (BPC) that we cannot permit the looming budgetary crisis in the state of Oregon to obscure these values or deflect us from the pursuit of excellence central to our vision. We cannot allow this short-term disruption to interfere with the realization of our long-term goals. It is imperative that we look ahead and keep moving forward, capitalizing on the forward momentum we have established.

The BPC was constituted to recommend ways to manage the budget cuts facing us. Dealing with the coming fiscal crisis has naturally been our first order of business. But this is no isolated event, as anyone who has been at PSU for a decade or more knows all too well. Whether a function of a downturn in the state's economy, flaws inherent in the state's tax structure, or both, we know the next fiscal crisis is likely a matter of *when*, not *if*. We expect it to arrive, just as it did in 1981 (radical drop-off in housing starts, and hence the timber industry), in 1991 (Measure 5), and now in 2002-2003 (economic downturn in nation and state exacerbated by state's tax structure). This is to say nothing of serious and damaging cuts between major crises, cuts deep enough to keep us off balance, undermine our capacity to perform our mission, confound our plans, and threaten our aspirations. Under these conditions it is difficult for us to move toward our vision of what PSU is to become. It is difficult to develop the new programs the region needs. It is difficult to accommodate the rapid growth in enrollment our constituents expect us to absorb. And it is increasingly difficult to attract and retain top-flight faculty.

We must not permit this present budgetary crisis to come between us and our vision. At the same time, we need to be doing everything we can to break the destructive cycle of which this crisis is but one part. We need to find ways to insulate ourselves, as best we can, against steadily declining state support (a national phenomenon) and against wild fluctuations in the state's economy, which are in turn compounded by our state's tax structure and by what OUS board member Roger Bassett has termed the "cut and cap" mentality behind it.

The Budget and Priorities Committee's examination of these issues leads us to recommend exploration of the following actions:

- 1. Seek greater autonomy from the Oregon University System, if not from state**

**government itself.**

Imagine a spectrum with our current relation to the Oregon University System (OUS) on one end and complete separation from state government—privatization--on the other. In the middle somewhere are an OUS with greater autonomy from the state, greater autonomy for PSU within OUS, or status as a state agency outside of OUS. PSU might, for example, remain a state university (and thus a state agency) at a level of autonomy that promotes efficiency, institutional development, and responsiveness to students, state, and community. (The closer we move toward privatization, the more controversial and fraught with risk our recommendations become. It is doubtful whether PSU would ever be able to survive without public support of one kind or another; were we to attempt it, tuition would climb so radically as to leave our commitment to access behind.)

That said, it is revealing that the “Deal,” the Chancellor’s current proposal before the legislature, includes a set of “flexibility initiatives.” Themselves requests for greater autonomy, these initiatives suggest how acute this need really is. These initiatives are a good place for us to start. (Much of the language in the following section has been taken directly from OUS documents.) The Chancellor’s initiatives ask that the state allow individual campuses to:

- *Eliminate expenditure limits on non-state funds.* The state used to account for 40% of our budget; now (as in most states) it is down to 23 or 24%. Why, then, should the state manage the way institutions spend the money they themselves generate through tuition, gifts, grants, contracts, and auxiliary enterprises? As the Chancellor’s office puts it, “Legislative authority has not changed since the State provided a much greater share of the operating costs of the universities. Responsibility and authority should be aligned

in any well functioning organization” (*Flexibility Initiatives*, Appendix D, 15). If the state provides 24% of the money, its control should be proportional at best.

- *Eliminate restrictions when bonding does not create General Fund obligation.*  
Growth means construction, construction means bonding. The fact that we have at least three major projects underway right now—Epler Hall dormitory, the Native American Student Center, and Broadway housing—suggests the degree to which new construction is to be a part of our future as we expand our capacity from 23,000 to 35,000 students in a decade. This happens even while construction using General Fund dollars has dwindled to nearly nothing statewide over recent years. Obviously, PSU needs to be able to issue its own bonds.
- *Retain interest earnings on non-General Fund dollars.* Same logic as expenditure limits, above. At present OUS institutions are not permitted to retain interest earned on non-state dollars, specifically tuition and fees. Retaining interest earnings would mean approximately \$350,000/year in additional revenue for PSU.
- *Buy, hold, sell property.* The argument here is similar to the argument for bonding authority. As an urban campus, we can’t expand into a nearby pasture. We often have to buy what we can when we can; consider, for example, the cases of the Art Institute Building, the University Center Building, the Sixth Avenue Building, and many others. This trend can only continue as we grow, and the fewer restrictions on PSU the more “nimble” the university can be.
- *Streamline IT purchases and contracts.* Under current laws Information Technology (IT) and telecommunication issues are subject to review and approval by the Department of

Administrative Services, which has led to significant inefficiencies and increased costs.

- *Expand or establish academic programs according to market demand.* Some four or five years ago the Governor’s Task Force on Higher Education, chaired by Duncan Wyse, called for higher education to be more “nimble” in response to market forces. True, the university generates programs from a variety of motives, ranging from student demand to our own sense of what our disciplines require. But we are also under some obligation to provide what the community wants. Recently the state board approved an Interdisciplinary M.A. degree at PSU. Elapsed time from its introduction to the CLAS Curriculum Committee to its approval at OUS: *six years*. This is not “nimble.” Nor is it likely to win us any friends in the community.

**2. Consider withdrawal from the Oregon University System.** While all of these initiatives are clearly necessary, they do not go far enough. Often when OUS asks the state to yield authority to the OUS System, it arrogates that authority to the system itself, not its constituent institutions—as with, say, expenditure limits. The degree to which life improves at the institutional level is unclear; often it is simply a matter of exchanging one bureaucratic authority for another. The Oregon Business Council would support departure from the OUS System:

The Oregon University System faces systemic challenges. The current governance model was created in 1929. A centralized board governs the activities of seven distinctly different institutions, serving very diverse regions and needs in the state. The result is a lack of clear focus on the goals and needs of any one location. The structure was originally established to safeguard the State’s investment in higher education by imposing limits on programmatic duplication and keeping the system, with its diverse

entities, intact and under control. The system works satisfactorily during good times, yet limits opportunities and the ability to change with the times. (“A Proposal Submitted by the Oregon Business Council,” January 2003)

Among those areas where greater institutional autonomy would better serve students, state and community are:

- *Authority for the university to develop its own benefit package for employees.* Among other things, this might well mean developing our own health benefit plans outside of the Public Employee Benefit Board (PEBB). PEBB administrators, asked point blank whether university personnel are in effect subsidizing the other state employees in the plan, say “yes.” But they do not want us to leave the pool because our presence permits them to cover other, higher-risk populations. In other words, medical costs are in fact skyrocketing, but PSU employees—and in turn the university—pay more than our fair share of those rapidly increasing costs. Savings to PSU: approximately \$900,000/year.
- *Authority for PSU to establish its own relationship to PERS, including the possibility of withdrawing altogether and establishing its own retirement plan(s).* The problems of the Public Employee Retirement System are widely known and solutions are in flux and uncertain. Large jumps in employer contributions to PERS are a significant piece of our current financial crisis as a university. Over the long term, authority to devise and administer a PSU pension system holds out the prospect of having some control over our own fate in this respect.
- *Authority for PSU to form its own governing board.* Having our own governing board would in turn give us the flexibility to enter into certain kinds of relationships with

business, industry, city government. Our commitment to engagement with the community through community-based learning, Capstones, and internships (for which we have twice won national awards, including the prestigious Hesburgh Award), makes a strong case for allowing PSU, for example, to form its own for-profit corporation (as has Chemeketa Community College), and even a governing board independent of OUS. Interestingly, community colleges have more autonomy than the university even though state funds account for 40% of their budget as opposed to 23% of PSU's. An independent governing board would allow the university to carry its case—its students', faculty, staff, and community's case—directly to the legislature. With our legislators from Portland (not to mention leaders in area business and industry), we would be well represented.

- *Retain indirect cost recovery dollars generated through grants and sponsored research at PSU.* Last year PSU's portion of indirect cost recovery was \$3.2 million. This represented 93% of what PSU faculty and staff actually produced. As is the case with other OUS schools, the Chancellor's office took 4% off the top for OUS operating expenses. Reclaiming this 4% (around \$155,000 this year) would not solve our budgetary problems, but it would help—especially when we have doubled our research income, as we intend to do in a short period. A portion of this money could be designated for support of sponsored research, or support of departments that generate sponsored research money. (Note: OUS has announced a goal of doubling of research dollars statewide by 2010 but has not said anything about reducing its share of the indirect cost recovery dollars.)

- *Autonomy from inefficient state structures and strictures.* As a state agency PSU is required to use the Department of Justice. Without DOJ attorneys we would still need to hire our own legal expertise but could probably save money and sharply reduce the red tape involved in such operations as, for example, new construction and the financing supporting it. PSU recently paid nearly \$1 million to review the contracts related to the new Broadway housing structure, necessitated by state requirements for financing agreements. For fiscal year 01/02, DOJ costs for PSU were approximately \$355,000. (These costs are paid by the Chancellor's Office, but if they were not, this money would then be available for redistribution.) We are also required to follow state purchasing rules and to comply with state personnel policies. If we were not regarded as a state agency we could develop our own personnel policies and negotiate our own labor contracts.
- *Avoid the flaws in the RAM model/its application.* Even if the RAM model for calculating state appropriations on the basis of university enrollments were fully funded by the legislature, which it has never been, there are at least two major problems with it. First, approximately 1/3 of state appropriation dollars come off the top for "targeted programs," such the Bend campus, a number of OSU's statewide programs, the initiative to double engineering enrollments, and others. This is an expense (or a reduction of revenue) PSU could avoid if it were not a state agency. Or, perhaps more fairly, together with partners in the community, PSU could target its own programs for development. Second, the RAM model caps graduate enrollment. That is, it sets a limit on the number of graduate students the state will help fund. Since PSU has more graduate

students than any other university in the state, this policy discriminates against PSU directly in favor of less graduate-intensive state universities, a pattern all too familiar to PSU through most of its history. And since PSU's enrollment strategy calls both for more graduate students and a larger proportion of graduate students (as high as 1/3 of our enrollment), this graduate cap can only become more of a problem for us. The cap threatens artificially to restrain programmatic growth that is needed desperately in the metropolitan region and the state.

### 3. **Re-evaluate our tuition policies.**

a. *Change rate charged part-time non-residents, and change the tuition plateau.*

Compared to the University of Oregon, Oregon State University, the University of Washington, and both the Pullman and Vancouver campuses of Washington State University, PSU has the lowest per-credit tuition rate, except for the charge to resident undergraduates. PSU is the only institution in Oregon or Washington that does not charge non-resident tuition for non-resident students if they enroll for less than nine credit hours per term. Further, non-resident graduate students pay even less per credit hour than non-resident undergraduates. This is not equitable to resident students, especially undergraduates. Changes in tuition rates could be accomplished without jeopardizing enrollment growth and tuition revenue. These changes include:

- Modifying or eliminating the enrollment plateau for undergraduates and graduates. Undergraduates, for example, pay the same tuition rate when enrolling for 12 to 18 credit hours. The recommendation here is to raise the 12-hour threshold (to 16?) or to eliminate the plateau altogether, which would mean charging a flat rate per credit

hour. These changes would put PSU tuition rates more in line with those of comparator institutions and reduce the subsidy currently paid by undergraduate students enrolled for 1-11 credits (about half of our student population) to the benefit of students carrying loads within the plateau. Cathy Dyck recently presented this idea to the student senate, and they were very much in favor of it. Those of us who are classroom teachers also see merit in any change that might reduce widespread over-enrollment, especially among working students.

Changes reflected in the bulleted items above could increase tuition revenue by \$0.5 to 4.5 million without seriously compromising PSU's access mission. There would be some loss of carrying hours initially as a result of eliminating the plateau, but it would likely be recovered to some extent as undergraduate students ultimately need 180 credits to graduate.

PSU receives some supplemental funding, based upon headcount, from the Oregon University System. However this revenue does little to bring PSU's tuition revenues in line with those its comparators.

b. *Consider differential tuition for different programs and for different times of day.*

Preliminary cost analyses for programs within PSU suggests that some programs should be considered for differential tuition. Rough calculations by Gene Enneking suggest, for example, that while the entire campus nets \$72 per credit offered, individual programs vary widely, even within a given college. Within the College of Engineering and Computer Science, for example, the Engineering Management program nets over \$199 per credit while Mechanical Engineering loses \$51. It is not

unreasonable to suggest that Mechanical Engineering students should be paying higher tuition. Some consideration should also be given to differential tuition rates to promote use of facilities during different times of the day, with discounts being given for times (such as mornings before 10:00 am) when we have unused classroom capacity. This practice has already been implemented at the University of Oregon and at other universities around the country. The University of Texas, for example, hopes to combine these approaches. It is lobbying the state legislature for the right to “[charge] more for highly sought programs like advanced business degrees and less for programs like social work where potential salaries are low, and even offering a discount for late-afternoon classes” (Kronholz, “Schools Trim State Ties,” *Wall Street Journal*, April 18, 2003, Eastern edition, p. B.1.).<sup>4</sup> **Implement plan to build our research capacity.**

In January of this year William Feyerherm, Vice Provost for of Graduate Studies and Research, issued a bold proposal (revised in April) designed to stimulate our PSU’s level of sponsored research output by investing heavily in the university’s research infrastructure. The goal of this proposal is to increase sponsored research expenditures to \$50 million per year within five years (last year’s expenditures were \$28,079,710, up from \$6.2 million in 1990). The purpose of attaining that goal is not only to have an impact on the reputation and perception of Portland State University (by attaining the Carnegie classification of “research-extensive”), but to provide support for core missions of the University through support of graduate programs and contributions to the economic and social development of the region. (“A Proposal for Investing in Research,” January 2003)

Expansion of this kind is within the realm of the possible. The Oregon Health & Sciences University (OHSU) shot from research expenditures of \$70 million in 1995 to \$220 million/year today (aided, of course, by OHSU's status as private corporation with autonomy from OUS and the kind of inefficient state regulations mentioned above).

Feyerherm's assessment is that PSU brings in too many small sponsored research projects which in turn produce limited indirect cost recovery. His assessment is that the university needs to change the:

- size of its sponsored projects
- sponsor types and numbers
- recovery of allowable indirect costs, and the
- number of faculty engaged in funded research.

In order to make these changes, the Office of Research and Sponsored Projects (ORSP) proposal calls for increasing PSU's physical capacity for research, its research faculty, and its supporting infrastructure. Aggressive movement in these directions would be funded out of a \$10 million investment pool obtained with bond financing, with a ten-year payback period.

Ronald Henry, Provost and Vice President for Academic Affairs from Georgia State University, visited PSU in February to review the degree and quality of support offered researchers and to review the Feyerherm proposal. Henry essentially endorsed the proposal, albeit with qualifications. For example, he suggested "a broad focus on faculty scholarship" rather than an exclusive focus on that which yields external funding. He was concerned about the number of faculty in key research disciplines as well as the lack of state-of-the-art

equipment, suggesting partnership with OHSU wherever possible as an avenue toward addressing these problems. He cautioned that in the current climate of limited funds, investment in one sector often means disinvestment in another. He argued that if this special initiative were going to direct money into specific programs, then that money would have to be buttressed by Education & General Fund (E&G) money flowing in the same direction. He was also concerned about the present lack of project management support for Principal Investigators, seeing the basic problem as “the paucity of E&G support staff provided to departments to carry out the E&G mission of the university.”

Concerned with incentives, Henry also noted that indirect costs are in research universities usually returned to the programs that generate them. If we are going to use indirects in some other way, such as funding start-ups, we need at the least to provide units with a careful accounting of the disposition of indirect cost recovery dollars. This is true at the School or College level, and ORSP in particular would need to detail the use of the indirect cost recovery dollars it retains. Others have indicated that we also need to become more professional about intellectual property/patents, developing our ability to support researchers in these areas and thus to encourage the research.

Without losing sight of Henry’s reservations, we believe PSU should move ahead with dispatch to increase significantly its research expenditures, implementing the Feyerherm plan or something very much like it.

##### **5. Continue to build our development operation.**

Our development staff has performed at a very high level, having moved us in a little over three years to some 60% of our first capital campaign’s goal despite being short staffed,

having to offer salaries that are often not competitive, and doing all this in the midst of the worst economic downturn the state has seen in many years (a time when philanthropy has in general cooled markedly). Development provides a significant revenue stream for the university; clearly, it represents a false economy for us to try to cut corners here.

We are pleased to see that our development operation is a reflective group, routinely working with outside consultants and, most recently, conducting an external evaluation of the annual fund. We thus second their efforts to find ways to optimize development, especially along these lines:

- When possible, hire more development officers, especially trained gift professionals who work with major donors, coordinating between faculty with needs and donors with compatible interests.
- Bring salaries closer to competitive levels and take others steps to retain development officers. Gary Withers, Vice President for University Relations, observes that there is something like “a twelve-month learning curve” for new development officers to learn our system, our culture, and to make appropriate contacts with donors.
- We are so short-handed in general that constituent development officers should be relieved of responsibility for newsletters and annual fund work—so they can maximize the amount of time they spend directly on, or with, donors.
- Faculty who have key relationships with potential major donors should be encouraged to make themselves known to development staff.

**6. Re-think the use of PSU’s physical plant.**

- a. *Maximize use of space during week.*

1. Do all room scheduling centrally. Admissions, Records, and Financial Aid (ARFA) uses class scheduling software (Schedule 25) to allocate classrooms. However, ARFA does not even control a majority of the classrooms on campus. They share scheduling responsibilities with the Events Scheduling Office (in Smith Center), individual academic departments, Instructional Resource Services, and Facilities. With five different agencies trying to schedule rooms for different purposes, and not always communicating with each other, a good deal of inefficiency is predictable. A scheduling tool like Resource 25 (integrated, university-wide scheduling software) could solve this problem, integrating academic class scheduling data ( which comes from Banner) with event scheduling, facilities planning, equipment requests, and the like—all in one data base, as opposed to five separate data bases that are not in communication. Resource 25 can also interface with the Banner financial system so that billing for such things as room rentals and catering charges could also be incorporated.
2. Re-visit the schedule grid. Is this the most effective possible way of assigning class meeting times? Are there other possibilities that would make it easier to absorb departments/courses that are presently off grid? Are MWF classes increasingly becoming MW classes? If this in turn opens up Fridays, could we introduce Friday/Saturday classes?
3. Reduce the number of classes off-grid. For example, Freshman Inquiry and

most School of Social Work classes do not fit into our scheduling grid, creating inefficiencies. Although departments may have compelling academic reasons for their scheduling patterns, reasons which should be honored, these anomalies should receive careful scrutiny when space is at a premium.

4. Reduce number of “departmentally owned” classrooms. Central scheduling presently schedules only about 40% of the classrooms on campus. While departments are getting better about sharing “their” rooms, it is probably still true that some of these rooms are underutilized, which central scheduling with Schedule 25 (or Resource 25) would probably ameliorate.

b. *Maximize use of physical plant on weekends*

Extended Studies should be charged with preparing a plan for expanding into weekend time slots in conjunction with other self-support programs. More weekend classes might be offered, possibly in non-traditional packages. More space might be rented for non-university activities.

c. *Continue to construct residence halls.* Two recent dormitories—Epler Hall, near completion, and the Broadway housing project, recently begun—represent a significant departure for Portland State, where student housing has always been sharply limited. These projects are perfectly in keeping with our enrollment strategy, which calls for a greater proportion of non-residents, graduate students, and international students, many of whom cannot attend without convenient, affordable housing.

**7. Expand/develop new sources of revenue.**

a. *Rethinking public commitment.* In collaboration with area community colleges (with whom we have an ever-growing network of co-admission and other articulation agreements), PSU should explore the possibility of establishing an educational service district in the region. Such a district might be formed in conjunction with K-12, as well. Voters in Multnomah County and Beaverton have recently demonstrated willingness to tax themselves in support of education when the state has failed to provide that support; it is not unreasonable to assume that this principle might extend to colleges and universities, as well. Preliminary estimates suggest that a payroll tax of 0.2% applied to the same private and public entities currently paying the Tri-Met payroll tax could replace PSU's current state allocation.

In any case, as Vice President for Finance and Administration Jay Kenton has observed, it is unrealistic for PSU to imagine itself "privatizing" without some commitment of local public support.

b. *Research partnerships with OHSU, other.* This prospect is sufficiently obvious; consider, for example, the recommendations of Ron Henry, consultant from Georgia State (see above). OHSU is amenable to the idea, as well, especially in those cases where PSU offers specializations they lack. There are also indications that OHSU is interested in developing "research clusters" together with PSU faculty in the developing North Macadam area, buildings specially remodeled to suit this purpose. Research clusters would bring together, both physically and intellectually, researchers from both institutions

representing an array of disciplines to investigate a common domain—environmental health, say, or bioinformatics.

- c. *Systematizing the formation of partnerships.* Rather than expecting all partnerships to be formed in an ad hoc manner, we should develop an infrastructure and a strategy specifically designed to generate such partnerships.

As recommended in *Leveraging Colleges and Universities for Urban Economic Revitalization: An Action Agenda*, a joint study by the Institute for a Competitive Inner City and CEOs for Cities, college and university, city, community, and business leaders can build partnerships across sectors with common objectives within their day-to-day operations. The report summarizes initiatives that each sector can engage in, including the following specific recommendations for colleges and universities:

1. Create an explicit economic development strategy focused on the surrounding community.
2. Include meaningful community participation and dialogue.
3. Charge specific departments and offices with explicit economic development goals.
4. Create a high-level coordinator to oversee and advance the effort.
5. Deploy university leadership to serve on boards of businesses, community organizations, and public-sector bodies.
6. Think long-term.

The goal of such outward-looking initiatives is to foster an increase in the community

development of the university with the objective of building partnerships across local business, government, and industry. These partnerships have a long-term goal of creating a more stable source of funding for the university and the economic development of the region. Both interests are served through research and development, working closely with the community in identifying and fostering new economies. There is an increased potential for local contracts and also a foundation for development of other sources of revenue such as a payroll tax structure (see above) reflecting the integration of university and community interests.

**8. Explore what Alan Guskin and Mary Marcy call “the transformative approach” as a response to present budgetary conditions.**

In “Dealing with the Future Now: Principles for Creating a Vital Campus in a Climate of Restricted Resources,” Alan Guskin and Mary Marcy argue that the financial problems facing American universities are structural, not transitory, and therefore require structural (“transformative”) solutions, not tinkering (“muddling through”).

In fact, they argue, “muddling through”—incremental changes, selective cuts and layoffs, focusing on increasing enrollment, hiring inexpensive faculty, increasing workload, maximizing tuition, and increasing fund raising—may in the long run actually undermine the quality of education and the nature of the academic profession.

In other words, rather than more of the same, institutions of higher learning need to rethink and change how they do business. To this end, Guskin and Marcy identify three organizing principles and seven “transformative actions.”

*Organizing Principle I:* Create a clear and coherent vision of the future focused on student

learning, quality of faculty work-life, and reduced costs per student.

*Organizing Principle II:* Transform the educational delivery system consistent with vision of the future. Actions:

1. Focus on assessment of institution-wide common student learning outcomes as basis for undergraduate degree.
2. Restructure the role of faculty to include faculty members and other campus professionals as partners in student learning while integrating technology.
3. Integrate and recognize student learning from all sources.
4. Audit and restructure curriculum to focus on essential academic programs and curricular offerings.

*Organizing Principle III:* Transform the organizational systems consistent with vision of the future. Actions:

1. Utilize zero-based budgeting process to audit and redesign the budget allocation process while involving faculty and staff as responsible partners.
2. Audit and restructure administrative and student services systems while using technology and integrated staffing arrangements to reduce costs.
3. Audit and redesign technological and staff infrastructure to support transformational changes. (Guskin and Marcy 9)

PSU has already made some moves that fall under the heading of Principle III. For example, the merger of Admissions, Records, and Financial Aid services has created efficiencies and allowed for the elimination of mid-manager salaries. In the same area, implementation of automated degree audits allows staff to perform degree clearance for increasing numbers of

graduates without increasing staff. While many other actions under Principle III merit our consideration, we wish to focus on Principle II. Actions under this heading might be summarized as ways of shifting our concern from the amount faculty teach to the amount students learn. This shift of attention allows us to re-think methods of educational delivery, often in ways that involve significant savings without reduced learning.

This is the kind of thinking behind PSU's Course Redesign Project, supported by a grant from the PEW Charitable Trust. Under this project first-year Spanish (a high demand, multi-section course) has been redesigned by focusing in on the "core competencies" of students, instructors, and technology—that is, what each of these could do best—then moving from three 65-minute meetings/week to two such meetings/week, with smaller class sizes, complemented by extensive online activities. In parallel developments, the Department of Art's introductory computer graphics course has been changed to a lecture/lab/studio structure, and the Master's in Social Work program has developed web-based content centers in key curricular areas. All three represent experiments in promoting student learning both more effectively and more efficiently.

**Works in Progress—Other ideas about PSU's finances and governance in the future.**

This would be a considerably longer paper if we were to treat all of the ideas we discussed among ourselves or heard from our colleagues through our web site, our open hearings, or in the halls (at various points some of these ideas were proffered as option 3, or labeled "other budget related issues"). If only to prompt future discussion, we would like to mention some of these suggestions here without conveying our reaction to them, whether positive or negative.

- Address the problem of the ever-increasing deficits of athletics.

- Consider closing the university between terms (energy and salary savings).
- Consider reducing the Center for Academic Excellence budget beyond the initial recommended cut.
- Balancing faculty teaching/research productivity. Consider evaluating faculty productivity with respect both to teaching load and research output. Set standards that address expectations for teaching for all faculty. Attempt to balance teaching contributions against specific research expectations. Consider temporarily increased teaching assignments for some or all tenured faculty in an effort to mitigate budget cutbacks (Would reduce reliance on adjuncts, as well.) Consider temporary teaching assignments appropriate for university academic professionals for the same reason.
- Resist the temptation to save money by hiring fixed-term faculty in place of tenure-track faculty. This would be a false economy, coming at the expense of long-term continuity and stability, as well as scholarship and research dollars.

**Conclusion.** There is no disguising the fact that PSU's financial situation is dire. Worse, PSU has been in these straits before and is likely to be here again unless we kind find ways to insulate ourselves somewhat from the vagaries of the state's relentless economic cycles.

Elsewhere we

of the Budget and Priorities Committee offer recommendations focused on the budget for 2003-2005. This paper, by contrast, represents our long-term thinking. It presents ideas which we believe, singly or together, represent ways out of our current and recurring dilemma. These are ideas that deserve serious consideration inside the university but more importantly, outside the university—in the legislature, OUS, the community in which we live and which PSU serves.

---The Budget and Priorities Committee, June 2003