Maximizing Portland State’s Potential to Serve Oregonians

As Oregon’s only public urban research university, Portland State University (PSU) serves a unique and critical role. PSU not only is responsible for providing access to a quality higher education for nearly 30,000 students, it also is a key partner with K-12 schools and community colleges in ensuring students come to college ready to learn. The University also collaborates closely with local governments, the state, businesses, and community organizations in solving problems, fueling innovation, and spurring economic growth.

The limiting factors for PSU are funding and community ownership. State funding for PSU and its OUS peers has declined by 35 percent in real terms over the past 22 years. At PSU, state funding now accounts for only 13 percent of the annual operating budget – leaving the University without enough funds to prepare students for the jobs of the future, recruit and retain excellent faculty, upgrade infrastructure, and develop collaborative initiatives with the community.

The recently passed higher education restructuring legislation (SB 242) will help alleviate these problems to a modest degree by allowing the University to more efficiently manage existing resources. But SB 242 is only a beginning financially – and structurally. To meet its 40-40-20 goals, PSU must identify additional sources of new revenues. With 66 percent of its students coming from the Portland Metropolitan area, the University also must enhance collaboration with regional educational providers across the ‘Cradle to Career’ continuum to ensure students are receiving appropriate services at all levels and can transition seamlessly from one level to the next. In addition, as a key regional innovator, economic catalyst, and urban problem-solver, PSU must work particularly closely with local government, business, and community leaders in the metropolitan area.
We believe an institutional board would enhance PSU’s ability to meet state goals and carry out its unique missions in this environment. An institutional board could provide oversight and focused direction, advise the president based on detailed understanding of institutional opportunities, advocate for local revenue options, provide philanthropic support, open the doors for more regional partnerships, and give metropolitan area citizens and leaders a greater role in shaping how PSU carries out its mission. The specific relationship we propose between institutional boards and a statewide coordinating Board also ensures continued strong alignment with statewide goals while enhancing local initiative and responsiveness.

Accordingly, the Board of Higher Education and state policymakers should pursue efforts to convert the current Board to a statewide coordinating body and establish separate institutional governing boards with the time and expertise to focus on the specific missions of PSU and the other OUS universities. Elements of such a model might include:

- **Coordinating Board Authorities**: The State Board of Higher Education, or such other body as designated by the Legislature, would become a strong statewide coordinating board, with authority to:
  - set and monitor the missions of the seven campuses;
  - approve establishment or closure of schools, colleges, and major academic programs;
  - propose, advocate for, and disburse the Legislatively Approved State budget;
  - negotiate the terms of the Statewide Performance Compact with the Oregon Legislature;
  - set and monitor campus-level performance standards for the seven universities consistent with the Statewide Performance Compact;
  - engage in capital planning and issue revenue bonds on behalf of the public universities; and
  - conduct internal audits of the public universities.

All other powers accorded to the State Board of Higher Education in SB 242 would devolve to the institutional boards.

- **Institutional Board Authorities**: Except as provided above, institutional boards would have all powers and rights accorded to the current State Board of Higher Education under SB 242 to govern the activities of individual campuses, including authority to establish rules and policies, hire employees, execute contracts, borrow money and issue general obligation debt, engage in campus planning, acquire or sell real and personal property, sue and be sued, construct buildings, set tuition and fees, and engage in such other actions over matters of University concern. Institutional boards would consult with the Chancellor and the State Board of Higher Education on the hiring or firing of presidents. The institutional board could also enter into agreements for shared services through the OUS.
• **Membership/Operations of Institutional Boards:** Institutional boards would consist of 15 members, eight of whom would be nominated by the Governor and appointed by the Senate, including one representative of elementary and secondary schools in the Portland Metropolitan area, one representative of community colleges in the Portland Metropolitan area, one PSU student in good standing, and one PSU faculty member. One member of the board would be appointed by the State Board of Higher Education from among its members. Five members would be appointed by the Portland State University Board of Directors and would include: one member of the PSU Foundation Board and four at-large members. The President of PSU would serve as an ex-officio member of the board.