For the record, I am Wim Wiewel, President of Portland State University. I have served as the President of PSU since August 2008. When I came to Oregon, my vision for PSU was to advance its goal to become a world class urban university. An institutional board for PSU was not part of my vision in 2008. I did not start thinking about a board for PSU until the fall of 2009 after the chancellor’s office commissioned the Frohnmayer report. In his report, Frohmayer outlined the challenges for Oregon’s public universities and made a compelling case for significant structural change to meet those challenges.

Today, I will explain why PSU needs an institutional board, address some of the potential concerns or challenges with institutional boards, and outline some of the essential authorities for the PSU Board.

**What is PSU’s relationship with the metropolitan region?**

- As Oregon’s only public urban research university, Portland State University (PSU) serves a unique and critical role. It is not only PSU’s job to “let knowledge serve the city” but also to serve our greater community, the region, and the state.

- We are Oregon’s access university. PSU serves students primarily from Oregon and more specifically from the metropolitan region. More than two-thirds of PSU students come from the metropolitan region. After graduation approximately the same number stay in the Portland metropolitan area to work and raise their families.

- PSU generates a significant economic impact for the metropolitan region and Oregon as a whole. This impact exceeded $1.4 billion in 2010 and will continue to grow with PSU’s expanding role as an employer, purchaser, researcher, real estate developer, and community partner. PSU employs almost 4,000 people and has a total annual payroll of $240 million.

- PSU is not only 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. In addition, the university collaborates closely with local and state government, businesses and community organizations in solving problems, fueling innovation and spurring economic growth.

**What are the current and future challenges for PSU?**

- The most significant challenge for PSU is the marked decline in public funding. 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 less than 12 percent of the total 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.

- PSU is experiencing a period of unparalleled growth. Since 1998, enrollment has increased more than 65 percent from 18,000 to 30,000. In the past five years, PSU has almost doubled sponsored research to $65 million and positioned itself to be a national leader in urban sustainability with new research centers in green building technology and sustainable solutions.

- PSU is Oregon’s most diverse university. In fall 2011, about 25 percent of entering PSU students were members of a racial or ethnic minority group. A study released in 2008 by the Western Interstate Commission for Higher Education states that by 2014-15, Hispanic/Latino high school graduates in Oregon will have increased 137 percent over a ten year period (2004-05 to 2014-15), while white non-hispanic graduates will have decreased 20 percent.

- In order to meet the state’s new 40/40/20 goal, PSU’s enrollment will need to grow to more than 50,000 students by 2035. Over the next 10 years, enrollment will expand by more than 28 percent in the School of Business and 30 percent in the Maseeh College of Engineering and Computer Science. PSU’s 25-year Framework Plan calls for an expansion of 4.2 million square feet – an anticipated investment of more than $1.26 billion.

- Portland State University will be Oregon’s workhorse to meet the 40/40/20 challenge. Not only will the university require a significant financial investment, we also must enhance collaboration with our regional educational partners 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. We must remove the traditional educational barriers for minority students to reach Oregon’s rapidly growing numbers of Hispanic/Latino students.

How does an institutional board help PSU address its challenges, fulfill its state mission, and plan for the future?

- There is a continued need for a strong statewide coordinating body for Oregon’s seven universities. The centralized board: would set the universities’ missions; approve academic programs; develop, propose and distribute state operating and capital budgets; and negotiate and monitor achievement compacts. Institutional governance boards would operate in the context of this centralized coordinating board.
• PSU needs an institutional board that: 1) has the time and expertise to focus on Portland State, 2) reflects the interests of the region, 3) creates an education pipeline for students in the metropolitan region, 4) increases “ownership” of the university by the metropolitan region, and 5) has the statutory authority to control and manage the university. This governance model offers PSU the best opportunity to succeed and help the state meet its 40/40/20 goal and other educational aspirations.

• PSU Focused: The current board of higher education must manage the competing and diverse needs of Oregon’s seven universities. We need a board that is focused on Portland State. Such a board will best understand the unique needs of our students, the significant challenges we face, and the true potential of the university to serve Oregonians.

• Regionally Responsive: The PSU board will reflect the various stakeholders from the metropolitan region and state: OHSU, K-12, community colleges, business and community leaders, ethnic and racial minorities, students, faculty, staff, foundation members, and alumni. This group of stakeholders will be regionally focused and will best understand the important role PSU plays for the tri-county area. Further, this group will best understand the unique and diverse needs of PSU’s faculty, staff, and students.

• The Education Pipeline: The Governor has challenged educators to abandon their age-related silos and work to develop a seamless system from birth to post-grad. I support this goal. While it is important for me to collaborate with my colleagues at Oregon’s other universities, it is ESSENTIAL for me to work with the early childhood educators, K-12 schools, and community colleges that serve as the pipeline for two-thirds of PSU’s student body.

• Dedicated Advocates: While the state must make a significant reinvestment in public higher education to make 40/40/20 a reality, competing demands for limited state resources require PSU also to look elsewhere. The $51 million investment from the proposed education renewal district is an example of the type of alternative financial support PSU needs. Even if successful, such limited one time investment will not secure the financial stability of PSU. An institutional board for PSU would allow us to pursue a broader range of alternative funding opportunities.

• Meaningful Authority: PSU needs a transformational decade to meet the Legislature’s and Governor’s expectations. A PSU Board must have the statutory authority to make that transformational decade happen. The current state board lacks the resources and time to provide the support that PSU requires. A board that only serves in an advisory capacity is not the answer.
How does PSU respond to concerns about the creation of a PSU Board?

- I am not here to make the claim that an institutional board will solve all of the challenges that PSU is facing. If we are granted a board, our endowment will not triple overnight. Our completion rates will not double in a year. However, I do believe that an institutional board will move us in the right direction and significantly enhance the probability of achieving 40/40/20.

- Research has been presented to this committee that indicates there is no direct relationship between university performance and its governance. This cuts both ways. Neither system boards nor institutional boards have a statistical correlation with outcomes. However, this does not mean that governance structure does not matter. It can matter greatly in certain circumstances. In a state with a higher than average high school dropout rate, one of the lowest levels of public financial support in the nation, and a population of twenty to thirty year olds who are less likely to hold bachelor’s degrees than their parents – there is a clear case for change.

- On the subject of funding alone, we already have information that suggests institutional boards will increase philanthropy and other financial support for UO and PSU. The University of Oregon has the opportunity to immediately increase its philanthropic support and Portland State University has the potential to leverage additional regional public support. Neither one of these opportunities are likely without the creation of institutional boards.

- Some people worry that institutional boards could inappropriately increase presidential power, create rogue board members, or lead to financial mismanagement or astronomical tuition increases. Others worry that institutional boards are the equivalent of privatizing Oregon’s public universities or that institutions left under a centralized board will suffer “adverse impacts.” Last but not least, some have speculated that institutional boards could be exorbitantly expensive and wasteful of scarce resources.

- I want to address these concerns.
  
  o I don’t see how a board of 15 publically appointed people who are paying specific attention to what is going on at PSU, will make the PSU president more powerful. In fact quite the opposite, any gain will be to the public in terms of greater accountability and transparency;
  
  o The new PSU Board will be appointed by the Governor and confirmed by the Senate and will be no more or less likely than the current Oregon State Board of Higher Education to mismanage public funds or neglect the public’s best interest;
  
  o PSU has always run a lean machine – our business model depends on it. Assuring our students can continue to afford to attend PSU is one of my primary motivations
for pursuing a board. As you may know, our tuition increases have been directly proportional to the cutbacks in state funding;

- Portland State was created to serve the needs of Oregon’s veterans and shipyard workers. We remain fully committed to fulfilling our public mission and continuing to serve Oregon’s first generation college students, single parents, and other non-traditional students.
- The creation of an institutional board is not a radical idea – many other public educational entities are effectively and appropriately governed by institutional boards;
- Oregon’s universities that choose to remain under a centralized board will not be any more at risk of adverse impacts from other universities than they are today. The ability to control competition between the universities will remain with the centralized board. In addition, some of the central board’s responsibilities will be alleviated giving them more time and resources to focus on individual universities;
- Finally, I would NEVER advocate wasting scarce PSU dollars to duplicate the Oregon Board of Higher Education. We agree that boards should not be duplicated and that the PSU board powers should be statutorily separate and distinct from the centralized board. We also believe that there will be minimal costs to operate the PSU Board.

- I have been asked if PSU has the financial acumen to support a greater level of autonomy from the state system. The answer is an unqualified yes. PSU has strong financial leadership, a healthy fund balance, and was just awarded an A1 rating by Moody’s Investor Services. In addition, we are already seeing positive results from our efforts to increase philanthropy and research dollars.

- We are also making significant strides in academic performance and student success. Recent data shows substantial improvement in key performance measures including: retention, graduation rates, diversity, and education in shortage areas.

What would the PSU Board look like? What authorities would it have? What is the bottom line?

- HB 4061 lists several specific areas of authorities for this interim committee to consider. Although I have ideas and preferences for each one of these areas, I believe that a PSU board must be granted statutory control over three critical areas. A PSU board must be able to hire and fire the president, have control of revenues and expenditures including tuition (with some legislative safeguards), and be able to issue revenue bonds. Without these three authorities, an institutional board has no real power and adds no real value.
I have included with my testimony a chart that responds directly to the statutory charge for this committee. It is my hope to continue to work closely with this committee as you complete the charge from the 2012 Legislature.

I have also included a chart that responds directly to the testimony from OUS. You will see several areas on my chart where we are in agreement. However, one more important distinction is that I believe a PSU Board must derive its authority directly from the Legislature. This statutory power ensures that the PSU Board is not merely a duplication or subcommittee of the State Board of Higher Education and that the Legislature will have more direct access and control of the board.

Meeting Oregon’s educational goals requires that each one of our public universities thrive - not just survive. The flexibility granted to OUS in SB 242 is a beginning, but is not enough for the significant challenges ahead. Oregon’s successful economic future depends upon a healthy and thriving higher education system. This effort will require all hands on deck and individual plans for success rather than the current one-size-fits-all approach.

PSU has engaged our campus and the community in discussing the opportunity for an institutional board. The foundation and alumni boards, as well as business, educational and community leaders have indicated support. A faculty senate committee now has the matter under consideration, but seems generally favorable. Students have a variety of opinions but have clearly indicated a concern that appropriate safeguards be in place around tuition increases.

I thank the committee for your time, your support of SB 242 and your patience and dedication as we continue to explore ways to best meet the needs of Oregon’s students during a time of scarce resources. I look forward to working closely with you. This is a vitally important issue. Please feel free to call on me anytime to assist with your efforts. I am happy to take questions.