



April 7, 2009

Dear Colleagues:

We need you to read this one.

We have tried to protect folks from the impact of the worldwide financial crisis, including pushing pay increases last November for faculty and OAs. But we need to engage the community in the difficult discussions now that may play out this summer when many are away from campus. While we have held continuing discussions with the Faculty Advisory Council, University Senate officers, Senate Budget Committee and the Budget Planning Committee, the broader university community deserves the opportunity to discuss and better understand the potential depth of the issues. We will hold another **town hall meeting for the university community on Tuesday, April 14 from 9:00-10:30 a.m. in the EMU Ballroom.**

We need to talk about two separate issues: a) budget issues this year (today until June 30, 2009), and b) budget issues during the next biennium (July 1, 2009-June 30, 2011).

The State's rescission for UO (money that must be returned from our budget) so far in this year is \$8.6 million (\$1.7M last fall plus \$6.9M recently). There may be an additional rescission after the May 15 revenue forecast, but no one knows yet. We will handle the current rescission of \$8.6M by taking \$3.7M from central sources (including sweeping some central budget balances), \$2.1M from the spring term tuition increase (net after 30% is held back for financial aid), and \$2.8M from academic units. It will be difficult to handle this rescission and any additional rescission because we're so late in the year. The options for returning the \$2.8M from academic units seem to be limited to sweeping departments and college reserves or a process of temporary appointment reduction.

A number of the faculty and unclassified staff have asked for the opportunity to contribute a small part of their earnings to the solution of these issues. We have already asked the leadership to do this. The President, Vice Presidents, Vice Provosts, Deans, some Associate Vice Presidents, some Directors, faculty leadership, higher paid coaches and Department of Intercollegiate Athletics leadership have already been asked to contribute. Participation has been very high.

To encourage broader voluntary participation, savings from voluntary appointment reductions in academic departments for the next three months (including the Deans') will be credited against the cuts due from those units. As an example, suppose a fictitious college has a general fund budget of \$10M. That college may be asked for a return of 1.5% which equals \$150,000. If the college achieves salary savings of \$100,000 through voluntary reductions during April, May and June then the total amount of savings is applied to the expected cut. In this case the net budget cut to the college will be reduced to \$50,000.

We encourage discussion within each unit of how it hopes to cover these academic unit cuts. For those who wish to contribute salary to the solution, please go to <http://brp.uoregon.edu/fte-reduction> to get details and to volunteer. Note that such

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reductions are just for April, May and June of this year, and end automatically at that time. There is also an outright gift option that may be preferable for those near retirement, those serving at 50% appointment, or those fully funded on grants and contracts. Your contribution will go directly to help your academic unit.

### Next Biennium

The legislature is just beginning to work on the next biennium. The Oregon University System has been asked to plan for cuts between 20% and 30% of our state allocation. That is \$15M to \$25M out of an \$80M allocation annually. We cannot do detailed planning until we know more about these cuts. However, we will not cannibalize the tuition from new enrollment to fill state deficits. We need to provide an Oregon experience to these additional students; their tuition must provide for the increased staff, faculty and financial aid necessary to accommodate them. Nor can we reallocate grants and contracts or endowments that are given for specific purposes. We do know from scenario planning that some sort of salary reduction is helpful at the 20% cut level, and will be critical at the 30% cut level, even after tuition increases. On April 3, the State Board of Higher Education passed a rule that, if we receive a 30% cut from the legislature, each institution must reduce salary expenditures by 4.6%. Possibilities for this reduction include a) FTE reduction program like the one we are offering for this academic year, b) layoffs, or c) program discontinuation. A high turnout of voluntary FTE reduction will reduce the need for options b) and c).

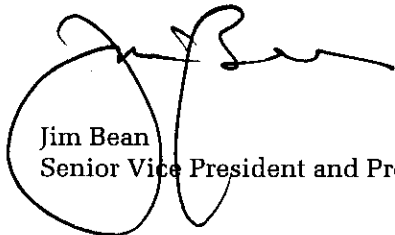
We also have a serious equity issue. Although the outcome is still under union negotiation, it is possible that many classified employees will face unpaid furloughs during the next biennium. It is critical for our campus that unclassified faculty and staff share the burden. Please join us in the voluntary appointment reduction.

We look forward to seeing you at the town hall meeting on April 14 at 9:00 a.m. in the EMU Ballroom.

Sincerely,



Dave Frohnmayer  
President



Jim Bean  
Senior Vice President and Provost