

Date: February 2, 2009

To: Members of the Council of Academic Deans, University Relations, Finance and Administration Council, Faculty Senate Budget Committee Chair, President's Office

From: Lindsay A. Desrochers, Vice President for Finance and Administration
Roy Koch, Provost and Vice President for Academic Affairs

cc: President Wim Wiewel, Vice President Cassie McVeety, and
General Counsel Henry Lazenby, Budget Director Michael Fung

Re: **2007-09 Mid-Biennial Budget Reduction**

Due to the severity of the continuing downturn in the state economy, the Oregon State Economist projected an increase revenue shortfall for the State to between \$2 and \$2 1/2 billion for 2009-11 biennial budget. He also projected a continuing revenue shortfall of an additional \$300 million to \$600 million for the current 2007-09 biennium. The next official revenue forecast is scheduled to be released on February 20th, 2009 when this shortfall may increase further since there are no obvious improvements in the economy.

The University has already incurred a 1.09% reduction in the 2007-09 biennial budget which was largely handled through fund balance reduction. Now, we are expecting another round of state funding reduction for the remaining period of this biennium. Although there has not yet been a formal announcement from the State specifying the amount of reduction, every indication that it will occur and we are taking steps to manage the University's budget to be able to respond when this new round of reduction occurs.

As mentioned in a previous memo, the University is approaching the 2009-10 budget planning process and the 2007-09 budget reduction process with these serious fiscal challenges in mind and with the intent to maximize campus participation in the process. This campus wide process was begun in January and is described in a calendar of events posted on the Budget Office website. According to the calendar, the University leadership will implement short term budget management steps in early February to assure the University's capability to manage funds to be solvent in 2009-11. Last week, the Executive Committee made the decision to implement percentage reduction of 3 and 5% for instructional and non-instructional / administrative units respectively.

Basis for Calculating Reduction:

The budgets subject to the reduction are FY2009 Education & General Fund Budget (Budget Exhibit B, aka Fund Type 11) less any identifiable legal and contractual obligation funding on the Exhibit B. Specifically:

- (a) Centrally allocated resources (fund# 001100)
- (b) Departmental resource fees and other revenue funds (e.g. fund #002xxx)
- (c) Income from self-support classes (e.g. fund # 016xxx)

Units Share of Reduction:

3% for Major Teaching Units – College of Liberal Arts & Sciences, School of Business Administration, Graduate School of Social Work, Graduate School of Education, Maseeh College of Engineering & Computer Science, College of Urban & Public Affairs, School of Fine & Performing Arts, University Studies, System Science program in GSR.

5% for Non-Teaching Units – Includes all other units not specifically mentioned above.

Timeline:

Vice Presidents will be provided the total amounts for their division's reduction targets from the above categories. The VP's will consult with their own units to achieve the overall reduction targets for central resources, and for Other E&G resources (including self support programs). Budget Reduction templates (attached) should be completed by units to provide details of how the reductions will be accomplished.

All units must return the Budget Reduction templates to the Office of Budget and Planning **by Friday, February 13, 2009.**

Please contact your designated Budget Office staff liaison or Michael Fung, Budget Director for questions and clarifications. The Budget Office will host a special meeting for the campus wide Budget Officers Group to work out the implementation logistics (scheduled for Tuesday, February 3, 2009, 9 a.m. at Market Center Building gold room).