

March 20, 2008

To: Vice Presidents for Finance and Administration

From: Jay Kenton

Subj: Planning for the Possibility of Reduced Salary/Benefit Funding

As you know, given the current economic uncertainties, the allocation of the State's Reserve fund for salary and benefits increases is now in jeopardy. Given this reality, the Department of Administrative Services (DAS) has now asked what we would do if we lost some or all of this funding. Accordingly, we now need to formulate a response to DAS as to the actions we would take given the following scenarios that include the loss of: 50% or 100% of this projected funding.

After working with DAS in preparation for a February 2008 distribution, we had expected to receive \$28.6 million from the emergency fund earmarked for salary and benefit increases. The attached spreadsheet allocates this funding by campus and the Statewides based on the actual 2006-07 personal services expenses and respective fund splits in the Education and General Fund group. Please note that if this funding was received it would be allocated one-third in fiscal year 2007-08 and two-thirds in fiscal year 2008-09 in accordance with past practice.

Given the possibility of losing one-half or all of this funding, we now need you to describe how you would respond to this possibility. Thus, please complete the attached spreadsheet with your responses and with a description of the implications of these actions. Note: for those campuses that either have not settled with faculty unions or do not have unions, please include a brief description of the assumptions you are making regarding salary increases for faculty for the 2007-09 biennium.

Please complete this information and return it to my attention no later than April 18, 2008.

Thank you.
Jay Kenton

C: Budget Officers

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