

**Date:** January 23, 2009

**To:** Members of the Council of Academic Deans, University Relations,  
Finance and Administration Council, Faculty Senate Budget Committee  
Chair

**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

**Re: University Budget Planning Process 2009-10**

Over the past several weeks the University Budget Team (UBT) has been preparing for the 2009-10 campus budget planning process. This year the budget process will parallel the activities of the Governor and State Legislature as they deliberate on a budget plan for the 2009-011 Biennium. These parallel processes will largely take place between January and the end of June, 2009. However, it is very likely that legislative activity will continue into the summer for reasons described below. The campus process, which the UBT in consultation with the President and Executive Committee has developed, will be broadly inclusive across the campus and is intended to be based on maximum communications and transparency.<sup>1</sup>

## **CONTEXT**

The circumstances and backdrop of any budget planning process in government in the coming few years are highly unusual and merit further comment. The global and national economies, as well as the economies of many U.S. states are facing serious challenges due to the mortgage and stock markets severe decline in value, largely frozen credit markets, and subsequent growing national and state unemployment. These challenges are translating into serious strains on the current budget and revenue declines in most states, even as these states begin planning for next year(s) state budgets.

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<sup>1</sup> See attached schedule of consultative meetings and events or see website:

[http://www.pdx.edu/media/b/u/BUD\\_0911\\_Special\\_Process\\_Schedule.pdf](http://www.pdx.edu/media/b/u/BUD_0911_Special_Process_Schedule.pdf)

We will continue to update this document as events and schedules are being finalized. We will also post more documents and updates on the web as the 2009-11 biennial state budget process is unfolding in Salem. Also send your comments to: [budgetcomments@pdx.edu](mailto:budgetcomments@pdx.edu)

Due to the severity of the current downturn in the state, national and global economies, the recent Oregon State Economist's forecast projected between a \$2 to \$2 1/2 billion revenue shortfall for the State 2009-11 biennial budget. The next official revenue forecast is scheduled to be released on February 20<sup>th</sup>, 2009 and this figure may increase further.

In December 2008, the Governor presented his Recommended Budget (GRB) for the 2009-11 biennium. This proposal included a 5 % increase from the previous biennial budget for the Oregon University System, However, this increase in the GRB would not cover the full costs of the essential budget level (EBL) which include rolled up compensation costs and declining interest income among other items. It is our estimate that the shortfall to cover the EBL is between 3 to 4 1/2%. It is important to recognize that the GRB, as presented by the Governor in December, was prepared prior to the State Economist's January update of revenue projections and therefore, much will need to change in the Governor's proposal. In anticipation of the revenue challenges, the Legislative Fiscal Office (LFO) has requested the state agencies to submit reduction scenarios range from 5% to 20% of the EBL. All state agencies are responding to this request.

As mentioned above, the University is approaching the 2009-10 budget planning process with these serious fiscal challenges in mind and with the intent to maximize campus participation in the process. The UBT will be looking both to cost efficiencies and to identifying other revenues including potentially additional tuition and overhead increases. We are all hopeful that the national Economic Stimulus package will provide some relief for infrastructure projects, potentially student financial aid and possibly some operating support, but we cannot rely on such unusual actions until they actually occur.

### **Next Steps**

In the next few days, specific directions to academic and administrative units will be sent directly from the appropriate Vice Presidents. Members of the University Budget Team (composed of the two of us, along with Vice Provost Carol Mack and Budget Director Michael Fung) will continue their consultation effort with the President, Vice Presidents, Council of Academic Deans, FADM Council and the Faculty Senate Budget Committee as well as other campus wide major stake holders.