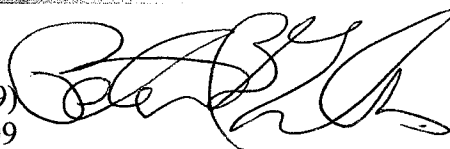


Inter-Institutional Faculty Senate

Memo to: Members of the UO Senate
Memo from: Peter B Gilkey (President of the IFS 2009)
Memo re: State Board Meeting Friday 6 March 2009



Dear fellow UO Senators:

These are my notes. They are personal. They are not normative.

Board Dinner. I attended the "closed" dinner for the Institution Presidents and the State Board Thursday evening. It was interesting if a bit depressing as there was a very frank discussion of the financial difficulties that we face both this bineum, in 2009-11, and in 2011-13. I got to address them for about 10 minutes.

IFS Coffee. The members of the State Board asked for and got a frank and wide ranging discussion and various initiatives at OSU were discussed. For me, the most interesting part of the discussion revolved around the semester conversion and the floor on enrollment in undergraduate classes. Subsequent discussion in the state board meeting later that morning made it very clear that it is very likely:

1. We will be converting from quarters to semesters both for pedagogical reasons and to save money. And that the community colleges are on board.
2. There will be mandated lower limits on enrollment in undergraduate classes that will be strictly enforced, although with the occasional waiver possible.

It was emphasized that we have to serve students effectively with fewer dollars.

UO Tuition Surcharge. The UO proposed emergency tuition surcharges of \$150 for instate and \$350 for out of state students this spring. These were adopted. President Frohnmayer participated by telephone call. But the crucial reason, in my opinion, that the fees were adopted was the active and articulate support by the UO Student body president Sam Dotters-Katz. I hope to get an electronic copy of his speech. The tuition action was necessary to keep the UO fund balances from falling below the 5% OUS requirement. The UO will follow the OUS Board policy that 30% of any tuition increase be dedicated to student aid. See attachment.

Budget reductions. OUS got a net cut of \$49,000,000 of which \$37,000,000 is new. The cuts were passed along on a strict percentage basis but the Board indicated that the forthcoming cuts for 2009-2011 (which could be in the 20-30% range) would not be across the board on a strict percentage basis. The board discussed the fundamental principles to be adopted. See attachment.

FTE reduction: Senior administrators are going to take "voluntary temporary FTE reductions -- Presidents, Deans, Vice Deans -- for the balance of fiscal year. That is a

4.6% reduction in compensation And to implement this, emergency amendment to the Oregon Administrative Rules were adopted. See attachment

Enrollment. The good news is that enrollment is up on our campuses although SOU and EOU still have excess capacity. The IFS initiative to have a joint agreement between the UO and SOU that we discussed at the IFS meeting in February has been adopted and is going forward. Our challenge is not to shed students but to find a way to educate them with less state money.

New Degree programs. The UO had a proposal in the pipeline that passed. But the Provost's council indicated that was the last new program for a while until the budget situation shakes out.

Dual Credit programs. There was a discussion of the Task force that IFS participated in that studied the situation -- in most situations high schools outperformed other students. RA careful analysis of students in sequence Writing 121 in high school and performance in writing 122. The board was reassured that courses are being delivered have the rigor in accepting that credit for students. Continue to monitor and periodically access the situation. Be more proactive with interaction with high school faculty.

Learning Outcomes. We will implement framework for accessing student learning outcomes. The key components at the system level will be an evaluation of assessment tools and using tools for ongoing improvement. There is a need to provide as much flexibility as possible. Enabling mechanism for sharing best practices across institutions. The accreditation standards are going to change. Not far from where we are today but moving to more an outcomes based accreditation standards – standards to be tied to mission of the University. Former IFS President Bob Turner is spearheading this.

Fund balances. To quote from the discussion at the board: “Fund balance is not just a big savings account – is money held in reserve – faculty startup packages – won't have it next year. Fund balances are largely owned by the faculty – savings faculty have made over a series of year – have cobbled together monies for next research project – worked hard to build those moneys up to go to next level – they are the big losers in this equation. These are people who have given their lives to the institutions and they are ones who are losing.”

SB442. The legislature wants to help us through legislation. They want consolidation – standardization – common application and acceptance. And OUS needs to respond to that within the next 2 weeks. This bill is not going to disappear. Go to semester program. Takes cooperation with community colleges. Won't get absolute mandates this time but could later on. Know will have session in February. To help us in this budget process need to show open minded and moving in certain direction.

Advancing Board Goals in a Diminished Economy

Principles

- Do everything possible to maximize opportunity and educational attainment for Oregonians in all regions of Oregon
- Do not sacrifice the quality of the degree program or student learning to maintain access
- Preserve the capacity to advance innovation and competitiveness through research
- Focus on ends rather than means, both in goals and the policy framework to achieve them

Assumptions

- We cannot maintain the status quo in either academic or administrative functions
- All OUS institutions will need to make sacrifices in the current economic environment
- Preservation or reduction of programs and activities will be based on their instrumentality in advancing the institution's and System's mission

OUS, Adoption of OAR 580-021-XXXX, Participation in a Voluntary FTE Reduction Program

Pursuant to Oregon Revised Statute ("ORS") 351.070, the Oregon University System has established a personnel system and promulgated the administrative rules, to administer it. Chapter 580, Division 21, Oregon Administrative Rules, outlines various benefits, including vacation and sick leave accruals provided to unclassified employees. The Oregon University System, like other agencies in Oregon state government, must respond to state revenue shortfalls and the State's resulting budget reduction and disappropriation. As one measure, OUS will implement a voluntary FTE reduction program that will permit unclassified employees to reduce their FTE on a temporary basis. OUS believes that employees who choose to participate in the program should not also experience the reduction in leave accruals that would otherwise result from a reduced FTE. This temporary administrative rule will implement that policy, ensure fairness and simplify the administration of the voluntary FTE reduction program.

OAR 580-021-XXXX:

Participation in Voluntary FTE Reduction Program

During the period that any employee participates in a voluntary FTE reduction program authorized by OUS, leave accruals and other benefits administered under this division will be calculated based upon the employee's FTE immediately prior to program participation and will not be reduced to reflect the reduction in FTE caused by the employee's participation in the program.

Staff Recommendation:

Staff recommends that the Board adopt a temporary administrative rule, as outlined above in OAR 580-021-XXXX, effective upon filing with the Oregon Secretary of State.

Oregon University System
6/30/09 E&G Fund Balance Projections with Proposed State Budget Cuts

	EOU	OIT	OSU	AES	ES	FRL	OSU+SWPS	PSU	SOU	UO	Total
State Appropriation Budget as last adjusted for 2007-09 prior to 1% cut	\$ 34,797,948	\$ 42,920,845	\$ 218,997,832	\$ 62,415,272	\$ 45,158,836	\$ 6,975,652	\$ 333,551,592	\$ 154,324,573	\$ 37,636,551	\$ 153,953,163	
% Total	4.22%	5.20%	26.53%	7.56%	5.47%	0.85%	40.41%	18.69%	4.56%	18.65%	
Fund Balance 6/30/08	\$ 2,394,000	\$ 5,004,000	\$ 37,177,000	\$ 4,252,000	\$ 4,689,000	\$ 2,247,000	\$ 48,365,000	\$ 24,790,000	\$ 3,310,000	\$ 16,578,000	
Projected Revenues (less 1% appropriation cut from December)	\$ 31,569,000	\$ 35,663,000	\$ 289,852,000	\$ 35,350,000	\$ 33,056,000	\$ 7,599,000	\$ 365,857,000	\$ 233,429,000	\$ 44,122,000	\$ 302,591,000	
Projected Expenditures and Transfers (incl. actions taken due to cut)	\$ (31,153,000)	\$ (37,246,000)	\$ (293,837,000)	\$ (36,886,000)	\$ (35,284,000)	\$ (9,543,000)	\$ (375,550,000)	\$ (238,298,000)	\$ (44,343,000)	\$ (301,228,000)	
Projected Fund Balances 6/30/09 (incl. 1% cut)	\$ 2,810,000	\$ 3,421,000	\$ 33,192,000	\$ 2,716,000	\$ 2,461,000	\$ 303,000	\$ 38,672,000	\$ 19,921,000	\$ 3,089,000	\$ 17,941,000	
Projected 6/30/09 Fund Balance as a % Revenues (incl. 1% cut)	8.90%	9.59%	11.45%	7.68%	7.44%	3.99%	10.57%	8.53%	7.00%	5.93%	
1% Reductions in December 2008 - reflected in projections above:											
Fund Balance	\$ -	\$ (470,050)	\$ (99,000)	\$ -	\$ (422,077)	\$ (76,438)	\$ -	\$ (1,500,000)	\$ -	\$ (1,686,027)	
Cuts to Public Service, Academic Support and Institutional Support	\$ (381,092)	\$ -	\$ (2,299,368)	\$ (683,545)	\$ (72,483)	\$ -	\$ (3,652,911)	\$ (190,095)	\$ (412,179)	\$ -	
	\$ (381,092)	\$ (470,050)	\$ (2,398,368)	\$ (683,545)	\$ (494,560)	\$ (76,438)	\$ (3,652,911)	\$ (1,690,095)	\$ (412,179)	\$ (1,686,027)	
4%+ Added Reduction - Projected Distribution:											
Fund Balance	\$ (1,279,128)	\$ (1,577,715)	\$ (8,050,080)	\$ (2,294,306)	\$ (1,659,981)	\$ (256,563)	\$ (12,260,930)	\$ (5,672,774)	\$ (1,383,471)	\$ (5,659,121)	
Cuts to Public Service, Academic Support and Institutional Support	\$ (278,880)	\$ (349,979)	\$ (1,755,105)	\$ (500,212)	\$ (361,915)	\$ (55,937)	\$ (2,673,169)	\$ (1,236,797)	\$ (301,629)	\$ (1,233,820)	
Total Projected Distribution of Another 4%+ Cut	\$ (1,558,008)	\$ (1,921,694)	\$ (9,805,185)	\$ (2,794,518)	\$ (2,021,896)	\$ (312,500)	\$ (14,934,098)	\$ (6,909,571)	\$ (1,685,101)	\$ (6,892,942)	
Projected 6/30/09 Fund Balance with additional 4%+ cut	\$ 1,590,872	\$ 1,843,285	\$ 25,141,920	\$ 421,694	\$ 801,019	\$ 46,437	\$ 26,411,070	\$ 14,248,226	\$ 1,705,529	\$ 12,281,879	
Projected 6/30/09 Fund Balance as a % of Adjusted Revenues	5.10%	5.46%	8.98%	1.30%	2.58%	0.64%	7.53%	6.29%	4.02%	4.15%	

Notes:
 OUS Board policy is that campuses should carry E&G fund balances in the 5-15% of operating revenue range with a targeted level of 10%
 Due to the tuition promise program WOU has been directed by the OUS Board to target fund balance at 15% as they cannot increase cohort tuition for 4 years in accordance with the promise program terms
 Added cuts have been distributed across the board based on each campuses' proportion of State appropriation
 These amounts are only estimates at this time, they have not been discussed with, or approved by the OUS Board
 Fund balance is not necessarily related to current cash balances as it could be comprised of accounts receivables, etc.
 Fund balances may have long term obligations tied to their use (e.g., faculty start up packages for equipment and lab support for faculty scheduled to join soon)

per Cuts

	EOU	OIT	OSU	AES	ES	FRL	Total OSU+SWPS	PSU	SOU	UO	WOU	CO	Total E&G	OUS
% cut	\$ 34,797,948 4.22%	\$ 42,920,845 5.20%	\$ 218,997,832 26.53%	\$ 62,415,272 7.56%	\$ 45,158,836 5.47%	\$ 6,979,652 0.85%	\$ 333,551,592 40.41%	\$ 154,324,573 18.69%	\$ 37,636,551 4.56%	\$ 153,953,163 18.65%	\$ 40,444,838 4.90%	\$ 27,539,590 3.37%	\$ 829,489,100 100.00%	
	\$ 2,394,000	\$ 5,004,000	\$ 37,177,000	\$ 4,252,000	\$ 4,689,000	\$ 2,247,000	\$ 48,365,000	\$ 24,790,000	\$ 3,310,000	\$ 16,578,000	\$ 6,850,000	\$ 4,608,000	\$ 111,899,000	
	\$ 31,569,000	\$ 35,663,000	\$ 289,852,000	\$ 35,350,000	\$ 33,056,000	\$ 7,599,000	\$ 365,857,000	\$ 233,429,000	\$ 44,122,000	\$ 302,591,000	\$ 48,761,000	\$ 16,884,000	\$ 1,078,876,000	
(nt)	\$ (31,153,000)	\$ (37,246,000)	\$ (293,837,000)	\$ (36,886,000)	\$ (35,284,000)	\$ (9,543,000)	\$ (375,550,000)	\$ (238,298,000)	\$ (44,343,000)	\$ (301,228,000)	\$ (48,412,000)	\$ (17,365,000)	\$ (1,093,593,000)	
	\$ 2,810,000 8.90%	\$ 3,421,000 9.59%	\$ 33,192,000 11.45%	\$ 2,716,000 7.68%	\$ 2,461,000 7.44%	\$ 303,000 3.99%	\$ 38,672,000 10.57%	\$ 19,921,000 8.53%	\$ 3,089,000 7.00%	\$ 17,941,000 5.93%	\$ 7,199,000 14.76%	\$ 4,129,000 24.46%	\$ 97,182,000 9.01%	
	\$ -	\$ (470,050)	\$ (99,000)	\$ -	\$ (422,077)	\$ (76,438)	\$ -	\$ (1,500,000)	\$ -	\$ (1,686,027)	\$ -	\$ -	\$ (3,656,077)	
	\$ (381,092)	\$ -	\$ (2,299,368)	\$ (683,545)	\$ (72,483)	\$ -	\$ (3,652,911)	\$ (190,095)	\$ (412,179)	\$ -	\$ (442,934)	\$ (305,106)	\$ (5,384,317)	
	\$ (381,092)	\$ (470,050)	\$ (2,398,368)	\$ (683,545)	\$ (494,560)	\$ (76,438)	\$ (3,652,911)	\$ (1,690,095)	\$ (412,179)	\$ (1,686,027)	\$ (442,934)	\$ (305,106)	\$ (9,040,394)	
	\$ (1,279,128)	\$ (1,577,715)	\$ (8,050,080)	\$ (2,294,306)	\$ (1,659,981)	\$ (256,563)	\$ (12,260,930)	\$ (5,672,774)	\$ (1,383,471)	\$ (5,659,121)	\$ (1,486,700)	\$ (1,024,083)	\$ (30,343,923)	
	\$ (1278,880)	\$ (343,979)	\$ (1,755,105)	\$ (500,212)	\$ (361,915)	\$ (55,937)	\$ (2,673,169)	\$ (1,236,797)	\$ (301,629)	\$ (1,233,820)	\$ (324,135)	\$ (223,274)	\$ (6,615,683)	
	\$ (1,558,008)	\$ (1,921,694)	\$ (9,805,183)	\$ (2,794,518)	\$ (2,021,896)	\$ (312,500)	\$ (14,934,098)	\$ (6,909,571)	\$ (1,685,101)	\$ (6,892,942)	\$ (1,810,836)	\$ (1,247,357)	\$ (36,959,606)	
	\$ 1,530,872 5.10%	\$ 1,843,285 5.46%	\$ 25,141,920 8.98%	\$ 421,694 1.30%	\$ 801,019 2.58%	\$ 46,437 0.64%	\$ 26,411,070 7.53%	\$ 14,248,226 6.29%	\$ 1,705,529 4.02%	\$ 12,281,879 4.15%	\$ 5,712,300 12.17%	\$ 3,104,917 19.86%	\$ 66,838,077 6.41%	

es in the 5-15% of operating revenue range with a targeted level of 10%
 he OUS Board to target fund balance at 15% as they cannot increase cohort tuition for 4 years in accordance with the promise program terms
 n campuses' proportion of State appropriation
 n discussed with, or approved by the OUS Board
 as it could be comprised of accounts receivables, etc.
 e.g., faculty start up packages for equipment and lab support for faculty scheduled to join soon)

OUS/SOU, Advance of Funds

Background:

Action was taken this week by the Oregon Legislative Assembly to reduce the 2007-2009 state appropriation to the Oregon University System by \$46 million to reflect the fall-off in state revenue due to the current economic downturn. Several years ago, the Board adopted a fund balance policy that required all campuses and the Chancellor's Office to have a positive fund balance of at least 5 percent of annual revenue plus appropriations. Any entity whose financial condition was such that it was expected to fall below this amount was expected to provide the Board with a plan to restore itself to financial health. This policy has been used in the past as part of the information used to require campus retrenchments.

The reduction in the 2007-2009 appropriation comes late in the biennium. If no action was taken, two OUS campuses (the University of Oregon and Southern Oregon University) would fall below the 5 percent floor by the end of the fiscal year in June 2009. In a separate action, the University of Oregon is proposing a tuition surcharge for the spring term that should provide more than \$2 million in net revenue, an amount that should be sufficient to bring the institution's fund balance, at June 30, above the 5 percent threshold. Staff does not believe that a similar option would be successful for Southern Oregon University at this time. Although the University's enrollment now is climbing and its president has announced a number of actions designed to reduce expenses, the institution only recently emerged from a program reduction effort. Therefore, staff is proposing that \$420,000 be advanced from the Chancellor's Office fund balance to Southern Oregon University. That amount should be sufficient to ensure that the campus does not fall below the 5 percent fund balance floor this year. The University could repay the advance once its finances have become stronger.

It should be noted that further reductions in state funding for 2007-2009 are possible and that further actions will be required during this fiscal year.

Staff Recommendation to the Board:

Staff recommends that \$420,000 be transferred from the Chancellor's Office fund balance to Southern Oregon University as an advance to be repaid once Southern Oregon University's finances are stronger.

(Board action required.)

Amendment of OAR 580-040-0040, 2008-09 Academic Year Fee Book UO Authorization to Increase Tuition for Spring Term 2009

Summary:

The Academic Year Fee Book for the 2008-09 academic year adopted by the Board at its June 2008 meeting set the University of Oregon's undergraduate resident tuition at \$990 per term for students taking 8 credit hours, \$1,485 per term for 12 credit hours, and \$1,734 per term for 15 credit hours. Undergraduate nonresident tuition was set at \$3,752 for students taking 8 credit hours, \$5,628 per term for 12 credit hours, and \$6,253 per term for 15 credit hours. The UO proposes to increase spring term nonresident tuition \$350 for each student enrolled for eight or more credit hours; the UO also proposes to increase spring term resident tuition \$150 for each student enrolled for eight or more credit hours. Students enrolled for fewer than eight credits spring term would pay half those amounts respectively. The UO will use 30 percent of the amount raised by this increase for need-based financial aid via fee remissions. Student recipients of Oregon Opportunity Grants, Oregon Challenge Grants, and Pathways Oregon will be protected from increases. The increase will yield a net revenue gain of about \$2.1 million to offset a portion of the \$6.9 million budget reduction assessed against the University's 2007-2009 General Fund allocation as a result of state budget reductions. Without the increase, the UO's ending fund balance will drop below 5 percent, the Board's fund balance minimum threshold. Consequently, the UO, through President Frohnmayer, asks the Board to promulgate a temporary administrative rule amending the 2008-09 Academic Year Fee Book to increase tuition for spring term 2009.

Background:

Under ORS 351.070(3)(c), the Board may, for each institution under its control, prescribe fees for enrollment. The Board adopted OAR 580-040-0040, 2008-09 Academic Year Fee Book, in June 2008. Since that time, the State has experienced substantial revenue shortfalls and has indicated to the Oregon University System that its General Fund appropriation will be reduced. The UO share of the General Fund budget reduction resulting from the revenue shortfall is \$8.6 million.

The UO proposes to offset a portion of the budget reduction by increasing tuition \$350 for nonresident students and \$150 for resident students enrolled for eight or more credits spring term. Students enrolled in fewer than eight credits will be assessed half the increase, \$175 for nonresident students, and \$75 for resident students. This increase will result in an annualized tuition increase of 3.4 percent for resident students enrolled for 12 credits spring term. However, because the Board, at the UO's request, reduced the spring term incidental fee by \$100 in February, resident students will pay only \$50 more than the tuition and fees originally adopted by the Board in June 2008. This is an annualized increase of 1.1 percent for students enrolled for 12 credits spring term.

The following tables show: Table 1) undergraduate tuition and fees as adopted in June 2008, Table 2) undergraduate tuition and fee as revised for this surcharge and the

incidental fee proposal approved in February 2009; and Table 3) a comparison of the original to the modified proposal.

Thirty percent of the amount raised by this surcharge will be used by the University for need-based financial aid via fee remissions. Student recipients of Oregon Opportunity Grants, Oregon Challenge Grants, and Pathways Oregon will be protected from increases. The UO has already provided \$80 to each full-time student and \$40 to each part-time student of the 2,932 Oregon Opportunity Grant students enrolled at the UO to compensate for cuts in the state-funded portion of the project.

The increase will yield a net revenue gain of about \$2.1 million to help offset a portion of the \$8.6 million budget reduction assessed to the University's 2007- 2009 General Fund allocation as a result of state budget reductions. Without the increase, the UO's ending fund balance will drop below 5 percent, the Board's fund balance minimum threshold. Consequently, the UO, through President Frohnmayr, asks the Board to promulgate a temporary administrative rule reducing the incidental fee assessed by the UO for spring term 2009.

Staff Recommendation to the Board:

Staff recommends that the Board adopt a temporary administrative rule amending OAR 580-040-0040 to increase tuition charged by the University of Oregon spring term 2009 as follows.

(Board action required.)

OAR 580-040-0040 Academic Year Fee Book

The "Academic Year Fee Book" dated June 6, 2008, is amended to increase tuition assessed by the University of Oregon for spring term 2009 as shown below:

Credit Hours	Undergraduate Tuition ¹			
	Resident		Nonresident	
	Residents	Surcharge	Nonresidents	Surcharge
1	124.00	75.00	469.00	175.00
2	247.00	75.00	938.00	175.00
3	371.00	75.00	1,407.00	175.00
4	495.00	75.00	1,876.00	175.00
5	618.00	75.00	2,345.00	175.00
6	742.00	75.00	2,814.00	175.00
7	865.00	75.00	3,283.00	175.00
8	990.00	150.00	3,752.00	350.00
9	1,114.00	150.00	4,221.00	350.00
10	1,237.00	150.00	4,690.00	350.00
11	1,361.00	150.00	5,159.00	350.00
12	1,485.00	150.00	5,628.00	350.00
13	1,608.00	150.00	6,097.00	350.00
14	1,671.00	150.00	6,175.00	350.00
15	1,734.00	150.00	6,253.00	350.00
16	1,796.00	150.00	6,331.00	350.00
17	1,920.00	150.00	6,800.00	350.00
18	2,044.00	150.00	7,269.00	350.00
19	2,167.00	150.00	7,738.00	350.00
20	2,291.00	150.00	8,207.00	350.00
21	2,415.00	150.00	8,676.00	350.00

Each Add'l

Credit Hour

124.00

469.00

^[1] Tuition for designated courses offered in the early morning and late afternoon is discounted 10% per credit hour.