Remarks by IFS President Peter Gilkey to the State Board of Higher Education -- 3 April 2009

My name is Peter Gilkey – I am a Professor of Mathematics at the University of Oregon and am president of the Interinstitutional Faculty Senate this year. I am going to append to this report some materials that I have culled from emails sent to me by members of the IFS. This is not a complete collection of what measures are being taken to deal with our budget difficulties throughout the OUS system. Rather it is a snapshot of what various members of the IFS thought worth sharing with me over the past month. I have attempted to redact personal comments and I am solely responsible for any errors which somehow may have crept in.

I think it paints a picture of faculty who are well informed of the challenges we face and who are committed to maintaining access to a quality education for the citizens of Oregon. Please bear in mind that the situation is changing rapidly and some of what I say may be out of date. Here is a brief summary:

At EOU, the “EOU Timeline for Program Reductions” is what is guiding the process. On March 13, 2009, President Lund sent a letter to the campus stating, “...the University’s financial condition is such that program reductions or eliminations may be necessary.” A first draft will be released April 23rd and a website has been set up to keep the campus informed. The Faculty of EOU are fully engaged in the process and have made constructive suggestions. One such is to use the possibility of one year leaves of absence for faculty who can get a visiting job elsewhere—this might give the University a year to restore funding before final notice need be delivered—at no additional cost to the University.

At OHSU, the president is providing monthly updates and steps are being taken to deal with the problem. For example, IT is said to be completely reorganizing, hoping to maintain service levels with substantial budget cuts. At OIT, there is a program reduction committee and there is a downsizing-mode with only crucial searches being funded, justification is needed for travel, and all academic programs are being studied. One IFS Senator writes, “The Provost is trying to do this as compassionately as possible, but the job evidently must be done.” At Oregon Cascades, the
faculty have proposed a number of ideas: The Master in Teaching (MAT), HDFS, and pre-MAT programs are sharing FTE; and the MAT students are helping mentor the HDFS students. In natural resources, similar courses between the UO and OSU are cross-listed and have a single instructor. At OSU, The OSU Faculty Senate is actively engaged in the endeavor. There are means for faculty to provide online comments and small faculty sessions have been scheduled with President Ray.

At PSU, there is a website for budget reduction activities and a voluntary .05 FTE reduction is being pursued. At SOU, the president has formed the Financial Strategies Task Force—this is looking at ways to cut costs and increase revenues. Strict limitations on spending for the remainder of the fiscal year are in effect. The dean of CAS at SOU has written with some very specific targets for the next four months. Voluntary FTE reduction is very much on the agenda. At the UO, Student Body President Sam Dotters-Katz supported the tuition surcharge for Spring 2009. The provost and president of the UO have written concerning the voluntary FTE reductions taken by those in “senior leadership positions”—the program is a success. The Faculty Advisory Council has written concerning FTE reduction for the faculty more generally and plans are underway to pursue this. At WOU, an analysis is being made of inactive and low activity minors with the plan to remove those minor programs from the curriculum.

In summary: we must continue to communicate with each other – openly and honestly. It is futile at this juncture to divide into an “us versus them” mentality – in reality we can only afford “we.” Communication is the key to dealing with the challenges facing us – we must engage each other openly and honestly.

I remain optimistic that the energy and dedication of our faculty and of all in the University System will see us through these difficult times. We must make necessary cuts, but we also must not make cuts that will prevent us from recovering and moving forward once these difficult times are behind us – as surely must happen. We must focus on providing access to a quality higher education to all Oregonians as the only way to move forward to the future.
Appendix: A report by the faculty of some of the activities taking on the OUS Universities

Eastern Oregon University

The University Council has not been dealing with the crisis except through the Budget and Planning committee. B&P has been working with AAP (the faculty union) to go over the timeline for budget reduction. All AAP information that is distributed to faculty members is here: http://aaporegon.org/downloads.html The "EOU Timeline for Program Reductions" is what is currently guiding the process. Faculty and other constituencies will have until April 6th to make recommendations as to how they think the administration should handle the cuts. We expect a draft plan to emerge on April 23rd. The Provost has been asked to consider approval of one-year leaves of absence for faculty who can get a visiting professor job elsewhere. Because our faculty will need to given a one year notice anyway, this would give the university a year to try to restore funding before the notice is delivered (at no cost to the university). Could be a win-win situation. The other things that are certain to come up are some kind of early retirement package, and the option to use the new OAR to let faculty voluntarily cut back FTE temporarily.

From: owner-eou-infoline@eou.edu
Date: March 13, 2009 5:02:41 PM PDT
Subject: Budget Reduction Process Announced
March 13, 2009

Colleagues,
Over the past several months, university leadership has been monitoring local, regional, state and national economic issues, reviewing reports from the Chancellor's Office, listening to legislative analyses, and projecting these data points as we plan for budget years 2009-11. As many of you already know, Oregon is projecting a state revenue shortfall for the next biennium of 30% or between $3-5 billion. All state agencies are reducing budgets, and we cannot expect any organization will be held harmless. Although the specific details of the shortfall which OUS must absorb have not been determined, we must be prepared to do what is necessary to manage the reductions for the next biennium. Therefore, I find that the University's financial condition is such that program reductions or eliminations may be necessary. I announced on February 16 to the AAP that such at EOU may be unavoidable. AAP was given a three-week timeframe to review data. The next step in the process is for the President to:

1) Communicate to the university that we now need to move through the planning for such reductions or eliminations; and

2) Direct all University units to begin discussions to provide input to one another and ultimately, to me by April 6 with suggestions as to how to accomplish a 10% ($1.7 million), 15% ($2.55 million), and 20% ($3.4 million) reduction. Guidelines and information on the process are available at www.eou.edu/president/budget/.
The Vice Presidents and Deans of your areas have been involved in this before, so please do not hesitate to inquire of them for any clarifications you may need for planning. A first draft of the plan for reductions or eliminations will be released on April 23. Another three weeks for responses follows. The final plan will then be prepared over the next three weeks, between May 14 and June 3. I recommend that you begin by looking at your own unit or division first to determine what may be done to streamline or simplify operations. There may be ways to trim expenses by eliminating wasteful practices. You may also wish to look at wider, more universal practices that may help, such as energy savings or consumption of other commodities. The process, www.eou.edu/provost/documents/reductions09v5.pdf, will require you to submit your recommendations to me by April 6. You may find any or all of the following data sources on the President's budget website helpful: http://www.eou.edu/president/budget/.

Remember that together, we are strong. We have overcome many challenges and we will survive this one, too. We have much to be positive about - our enrollments are increasing; our applications for spring term are up; our expenses have been held low, such that we can cover the current budget cut for 2007-09 with fund balance without going below the 5% floor. Recall that just a short 20 months ago the fund balance was 2.1%. We've come a long, long way in a fairly short time. Thank you for your service to our students and community,
Dixie Lund President

Oregon Health Sciences University

We are getting monthly updates from our president and are being asked to all do more for less. There are rumors of 5% salary cuts. It seems like where most of the personnel cuts are being made is in the support staff, nonunion jobs. The basic scientists were told a year ago that they needed to have funded research projects. Having said all the above, with the large stimulus monies going to NIH, there is a feeding frenzy for the researchers to write grants. Several support units have sustained heavy cuts in the current fiscal year, including facilities, HR, and IT. HR and IT have both discontinued all in-person training. IT is completely reorganizing, hoping to maintain something close to current service levels while cutting up to 60 positions. To do so, they are reclassifying many union positions as non-union and making these positions more generalist. FY2010 budget targets have not yet been released (they are due out this week), so many of us do not yet know the extent of the cuts for the coming fiscal year.

Oregon Institute of Technology

OIT has triggered the formation and work of the Program Reduction Committee. All programs have been required to complete a form justifying their existence and what impact would their elimination have on the school. We are definitely in a downsizing mode with funding only critical searches, cancellation of all travel. There is no academic program that is sacred at this point. The Provost is trying to do this as compassionately as he can but the job evidently must be done.
Oregon State University - Cascades

Some ideas that came from the faculty:

1) Invest time and energy into new programs that cater to the stimulus package. At Cascades that is Sustainability. And the development of this program has involved OSU, UO, and COCC faculty. This program has potential to get the business community more involved and vested in the campus. One local business has suggested that we have a fee-for-service consulting by students in the program.

2) Rather than focusing on cutting, Cascades has been focusing on enrollment increases and smoothing transfer flow from the community colleges to the campus.

3) The Master in Teaching, HDFS, and pre-MAT programs at cascades have been sharing faculty FTE. The MAT students are helping mentor the HDFS students which makes FTE sharing easier.

4) In the Natural Resources program, we have cross listed similar courses between UO and OSU and then had one instructor teach both. The reason for this is that OSU students tend to have residency issues (45 of the last 75) so they would be less likely to take a UO course. By cross listing it we take advantage of an instructor’s specialty area and offer it to students of both schools. This can work here, of course, because we are on the same campus. But, could we do similar things between institutions using video teaching?

That is a summary of some of the ideas or ways we deal with budgetary shortfalls and lack of faculty

Oregon State University

This describes some of the organized activities that are being conducted at OSU to engage faculty in the discussion and some brainstorming about the budget challenges that is taking place. There are in addition, some grass roots efforts emerging to discuss the potential for furloughs, and there seems to be more activity on campus from the union representatives.

Sent: Monday, March 23, 2009 10:23 AM
Subject: [Hhs] OSU Budget Situation

In an attempt to inform faculty about what is occurring in Salem with regard to the budget situation, Faculty Senate President Paul Doescher has requested that the below budget update from Jock Mills be distributed to all faculty. If you feel that the budget situation raises the need for faculty participation, the Faculty Senate is providing several ways in which you can comment.

* Several small group faculty sessions have been scheduled with President Ray.
* Faculty may also choose to provide comments via an anonymous online comments form at https://secure.oregonstate.edu/facultysenate/committees/ec/budget_comments/comment.php; the Faculty Senate Executive Committee will compile your comments and present them to OSU leadership.
* Additionally, special sessions of the Faculty Senate are being scheduled during spring term to discuss the budget situation; these dates will be published when planning is finalized.
Portland State University

See this address at PSU Academic Affairs for our budget reduction activities.  
http://www.pdx.edu/budget/2009-10-academic-budget-process

It is my understanding that OUS is working on details of an .05 FTE reduction (voluntary) for unclassified staff in OUS.

1. Why not figure out a way to make this a "charitable gift" on the part of those who opt to give up that salary? That would make it a lot more attractive: at least we could then deduct it on our income tax. It would, in fact, be a gift.

2. By a similar token, is there a way individuals could voluntarily teach overload courses (above the standard load) for free, and have that also considered as a charitable gift? I believe a number of recent emeriti would jump at the chance to do this. Of course, the AFT probably wouldn't like this idea much unless there were some assurance that they would not be pushed out of sections this way, but that could be managed.

Southern Oregon University

From the Presidents Office:

We all anticipate news regarding serious budget cuts. Some news will hit the campus soon, perhaps even this week, and more will arrive in the months ahead.

I recently formed the Financial Strategies Task Force, chaired by Susan Cain, to review a broad spectrum of options and areas throughout the University. The group is looking at ways to cut costs and increase revenues. Their strategic recommendations will help us maintain our commitments to academic quality, to our students, and to our employees.

As you know, we developed a plan last fall to increase our fund balance by $1.1 million. Our intention was to build our fund balance to 8% of revenues by June 30, providing us with a “savings account” to help us manage through the economic uncertainties next year. It now appears that those savings will be consumed by additional cuts in state allocation for this fiscal year.

In order to protect our fund balance as much as possible, I ask that the University community enact strict limitations on spending for the remainder of this fiscal year. Effective immediately, I am invoking the following spending limitations: Freeze travel to conferences and to other meetings (except required in-state meetings). Limit spending on services and supplies. All purchases over $100 need to be pre-approved by the appropriate vice president. Freeze equipment and software purchases. Limit library acquisitions. Freeze new hires. We are enacting a hiring “slowdown.” Positions currently being searched will begin on or after 7/1/09. Restrict overtime except for emergency situations. Freeze consulting contracts. Freeze subscriptions to publications and dues for regional/national organizations.

I also ask that we better manage publishing/printing costs and severely limit entertainment costs (such as food and drink for meetings). And we need to pay renewed attention to our energy usage/costs. This includes measures to reduce consumption—from turning lights out when leaving rooms to ensuring computers, printers, and other equipment are turned off every evening. Vice presidents and managers will work with their direct reports on how these changes will be
managed. Vice presidents and managers will also work to ensure that departments spend their designated operations funds before spending from other budgets. Exceptions to the spending restrictions will come to the President’s Cabinet for discussion and for my approval. I realize that these restrictions present inconveniences and create problems. However, I can’t understate the importance of our taking spending—and saving—very seriously. We cannot avert current and future financial challenges; however, we can mitigate their impact through a powerful University-wide effort to curtail expenses.

Thank you so much for your efforts. Mary Cullinan President

From the Dean of the College of Arts & Letters:
Here are some very specific targets for the next 4 months. We need to save at least $650,000 as an institution. If we can save more, it will help us with the next round as well. Since CAS creates the majority of the revenue and expense, we need to do everything we can to save, put off until after July 1, or grow enrollment. As you keep hearing, this is all funds except APSOU PPDA and grant funds. Everything else is subject to review to help us achieve these savings. I am sorry about the extra work this creates. It is the approach that we are mandated to follow. I ask that you comply as best you can while we work ourselves through this process.

From the Provost's Office:
Thank you for so carefully submitting your requests for exceptions to the freeze. Please remind your departments to include as much information on the Freeze Exception spreadsheet as possible, including dates. The more information we have, the easier it is for the Provost to make a decision. Indicate clearly if a purchase/expense is a "Prior Commitment" or if it is a request for something that has not been ordered. Hopefully, most of the prior commitment items were reviewed during the past week.

Craig Morris has asked us to look carefully at Irregular Employment Agreements (IDEAS). Please have all IDEAS pre approved on the Freeze Exception Request spreadsheet before you enter into any commitment for irregular pay. An IEA is used to compensate individuals hired to provide a temporary administrative service for less than 90 days, or to compensate a current SOU administrator or faculty for a temporary assignment that requires a time and effort commitment beyond regular work hours and responsibilities for less than 90 days. Do not use an IEA to correct an existing contract. Changes to contract terms must be submitted on a Status Change Form. The Provost would like to review expenditures from all funds, including Foundation. Exempt: Term-by-Term contracts, APSOU funds, grants.

Your requests will be reviewed each Tuesday. By noon of each Tuesday, please submit your requests on one spreadsheet to the Provost, cc to me. Items received after noon on Tuesdays will be reviewed the following week. Personnel actions over 90 days still need to be submitted separately on Personnel Action Preapproval Spreadsheet.

Thanks again - Mary White Academic Affairs/Office of the Provost

Dear SOU Administrators and Staff:
In meetings last week, Chancellor Pernsteiner and the OUS presidents agreed to help bridge budget gaps this fiscal year through a Voluntary FTE (full-time equivalent) Reduction Program for OUS campuses and the Chancellor's Office.
Overall, the OUS has taken $46 million in budget reductions in the current biennium, a total of more than 5% in cuts to the Legislatively Approved Budget for 2007-2009. Southern Oregon University has taken $2.1 million in cuts this year. As a result of these cuts, SOU’s fund balance, which we have worked to rebuild ever since we entered retrenchment two years ago, has again been significantly reduced. Sinking below the 5% fund balance level could lead to a reopening of the retrenchment process an experience we all want to avoid.

This voluntary program is one of several actions that the Oregon University System is taking to help the System and individual campuses balance their budgets. On our campus, the Financial Strategies Task Force and other groups are also working on an array of approaches to help us meet projected reductions for 2009-2011. Whatever we save this year will help to cushion next year’s shortfalls.

The program permits 1.0 FTE employees to voluntarily reduce their FTE to 0.954 FTE, with the impact of reducing pay through the rest of the current fiscal year from March 1, 2009, through June 30, 2009. This reduction is roughly equivalent to one day per month for full-time employees.

The program statewide is focused on senior leadership: institution presidents and chancellor; institution vice presidents and provosts; institution associate vice presidents or vice provosts; deans; vice chancellors, assistant vice chancellors, and associate vice chancellors; deans, executive directors, directors of large areas/departments, and similarly situated employees. However, as we have heard from a number of SOU employees that they are interested in participating, we have made the program available to other SOU administrators and classified staff who may choose to participate. Although this program does not work for faculty, other options are being considered.

For both fairness and administrative ease, a temporary administrative rule was adopted by the Board of Higher Education on March 6, 2009, to provide that the FTE reduction will not result in a reduction in vacation and sick leave accruals.

I attach a detailed list of Frequently Asked Questions, provided by the Chancellor’s Office, about the voluntary program. Later this week, I will post these on the Q & A site set up on my web page (http://www.sou.edu/president/FinancialQA_2-13-09.html). I also attach a letter from the System to the campuses. If you have further questions, please do not hesitate to contact the Human Resources office.

If you are interested in participating in this program, you may obtain a form in the Payroll office or the Human Resources office. Forms are also available online at http://www.sou.edu/hrs/pdf-word/volrefrm.pdf. To participate in all four months of this program, employees need to submit an FTE reduction form by March 18 at the latest. To begin the program in April, the cut-off date is April 17. The May cutoff is May 15; the June cutoff is June 15. I want to stress that this program is completely voluntary. Employees interested in participating will need to work with their supervisors on scheduling the days that they would be away from campus. I also want to emphasize that we cannot guarantee confidentiality for participants; as a public institution, our payroll records are subject to Public Record Laws.

I thank the campus community once again for all your support, teamwork, patience, and collaboration as we work our way through this very challenging time. Mary Cullinan President
University of Oregon

Testimony by Sam Dotters-Katz to the State Board of Higher Education 6 March 2009

Chair Kelly, Members of the State Board of Higher Education,

Thank you for allowing me to speak to you today; it is an honor and a privilege to be here representing the University of Oregon. Before I begin, I want to state that I am here as both a representative of the university, and as a representative of the student body. In my role as ASUO President, I do not take advocating for a tuition increase lightly; however, I am in full support of this surcharge, both as a student representative and as a university representative, for reasons which I will elaborate on shortly. The University of Oregon has undergone a series of cuts this school year, due to the economic situation facing our state and nation. The Legislatures most recent cuts have placed the University in danger of ending the year below required fund balance levels. We have proposed rectifying this situation through both cost saving budget reductions, and revenue generating measures. The revenue generating strategy that I am referring to is the tuition surcharge which the University of Oregon humbly requests you approve today. To raise 2.1 million dollars, we propose assessing a charge of 150 dollars to in-state students, and 350 dollars to out of state students. I want to immediately note that there will be parameters assigned to this surcharge which we are confident will make this increase "family income neutral.” The University has committed to take 30% of any increase off the top, and to use those funds for need-based financial aid. Further, students who receive the Oregon Opportunity grant, Pathway Oregon, and/or Oregon Challenge grants will not be included. The University has fought long and hard to give more Oregonians access, while at the same time improving the quality of the educational experience. I do not believe it to be a false hope that, even in these dark times, we can continue our progress on both fronts. Yet if we do not implement this tuition surcharge, in my opinion, that will be impossible. Over the last few weeks, I have thrown open forums, spoken at student group meetings, and released a statement to our school newspaper. I can report to you that students, while initially skeptical, are for the most part supportive of this measure. To be frank, while increasing tuition is not an attractive sell, decreased course offerings, reduction in the quality and availability of student services, and faculty/staff layoffs aren't either. While we do not want to receive an unfair portion of the burden, the current plan is fair, it is balanced, and it is well reasoned. On the whole, I have been extremely proud of the student body's response to this issue. Said simply, we understand that when it comes to the University of Oregon successfully mitigating these darkest of days, we must choose either to stand together, or fall apart. Thank you, I would be more than happy to answer questions.

Sent: March 11, 2009, 4:47pm
Subject: Budget update
From Senior Vice President and Provost Jim Bean -
Colleagues:

Last week was a State Board of Higher Education meeting. Some of the ideas raised at that meeting have been refined early this week. Below are a few highlights:

1. Appointment reductions: The Chancellor's Office has mandated that each campus encourage people in specified leadership positions to take voluntary appointment reductions for the remainder of this year. We are refining the details and will send memos to affected employees Thursday. President Frohnmayer has volunteered to take six days reduction, I am taking five days reduction, and others in specified positions are encouraged to take four. In
response to numerous requests by faculty and staff to participate in the solution of these challenges, we are developing a mechanism for others to volunteer support. More information on this in early April. Funds saved from these appointment reductions will reduce impact to academic programs caused by the recent $6.9M rescission of current year funds. It is too early to predict if such a program will be necessary next year.

2. The State Board of Higher Education approved our request for a tuition increase in Spring of $150 for resident and $350 for nonresident students. This will contribute about $2.1M to the $6.9M rescission in current year funds after remitting 30% of the proceeds for need-based financial aid. I have been asked why we did this and OSU did not. Answer is that they receive approximately $8500 per student in state funding and we receive approximately $3500 per student in state funding. They had larger reserves to use for the rescission. Note that we believe that OSU funding levels are entirely appropriate.

3. Our proposal for a major in Latin American Studies was approved. However, no additional new program proposals will be forwarded to the State Board until (likely) September. This is mandated by the State Board and Provost's Council.

I am very encouraged by the number of faculty and staff approaching us with a desire to help with this crisis. If we work together, we will come out of this ok. Please let me know if you have questions. Regards, Jim

Subject: Message from President Frohnmayer and Provost Bean:
Re: UO Voluntary FTE Reduction Program
Date: Fri, 13 Mar 2009 16:11:53 -0700

Colleagues in Senior Leadership Positions -

In consultation and coordination with the Oregon University System, we are introducing a voluntary FTE reduction program at UO in which employees can volunteer to reduce their FTE in the 2007-09 biennium to help manage reductions to state revenue shortfalls. We write today to ask that you consider participation in this program. Attached is a memo outlining the specifics of the program, a “frequently asked questions” document, and a form to complete if you elect to enroll in the program. Please note the deadline for enrolling in the program is March 18, 2009. You may participate either by reducing your FTE or by asking that a portion of your salary be deducted and contributed to the UO. Program information and spreadsheets that will help you estimate the salary impact of your decision are available on the Budget and Resource Planning website: http://brp.uoregon.edu/fte-reduction.

You will soon be receiving via campus mail a personalized packet containing the same information outlined in this email. Please contact Linda King, Associate Vice President for Human Resources, at 346-2966 or lking@uoregon.edu if you have questions. Thank you

The Faculty Advisory Committee at the University of Oregon adopted the following Statement in early March 2009:

We, the members of the Faculty Advisor Committee believe that University of Oregon faculty should follow the example of our Leadership and take voluntary furloughs or FTE reduction across the next biennium. We ask this of you and ourselves because:
1. The University of Oregon faces unprecedented economic challenges in an environment of great economic uncertainty. Voluntary furloughs or FTE reduction could generate millions of dollars to offset cuts.

2. In order to meet our collective challenges, tuition surcharges are more than likely. We believe that we should join our students in constructively confronting our economic shortfall.

3. It is very likely that classified staff will be required to take furloughs or FTE reduction over the next two years. (The State is currently negotiating this issue with their union.) We consider it wrong to saddle the most economically vulnerable among us with the lion's share of our financial burden. We understand that each person must decide for him or herself whether and to what degree s/he can make this sacrifice on behalf of our collective well-being. With regard to the question of "whether," we believe that this is a time for everyone to "step up" and meet the challenges before us. The real question is thus: Can one afford to participate and to what degree? No doubt, some faculty cannot afford any loss of income. But many can. To those we say: let's rise to the occasion as a unified community of administrators, faculty, students, and staff.

**Western Oregon University**

It is likely that there will be a 15% cut in S&S accounts for the next biennium. Additionally, course enrollment will be monitored very carefully. We just instituted an analysis of inactive and low activity minors with the plan to remove these minor programs from our curriculum. In general we will be looking at staff efficiency issues, but have no specifics on that issue. There may be the possibility of administration, staff, and faculty days without pay depending on the severity of the budget.