

BIENNIAL GENERAL FUND REDUCTIONS OF \$9.1 MILLION

Action Item

Background

The Oregon University System has been directed by the Governor's Office to reduce General Fund expenditures by an additional \$9.1 million by June 30, 2003. The continuing decline in State revenues has necessitated that all state agencies cut General Fund budgets to meet the \$112 million shortfall. The reduction for OUS is in addition to the \$51.9 million already cut and the potential \$26.9 million subject to voter action on January 28. The total reduction could reach \$87.9 million or 10.5 percent.

Each university has been given a reduction target based on a proportional share of the \$9.1 million Systemwide target. They are developing plans that identify strategies based on their current circumstances, which include choices in the application of fund balances, expenditure reductions, and tuition surcharges (spring quarter only).

The campus reduction targets are as follows:

<u>OUS Unit</u>	<u>Share</u>
EOU	\$ 363,620
OIT	436,599
OSU	2,328,765
OSU Statewides	1,122,381
PSU	1,733,378
SOU	460,106
UO	1,878,240
WOU	455,686
Chancellor/OCECS	<u>359,730</u>
Total	\$ 9,138,505

Each university has been asked to discuss tuition surcharge options with their student leadership. The use of fund balances will be monitored by the System to ensure that already diminished balances are not completely depleted.

The planning should consider the implications of the outcomes of the January Special Election. If the measure passes, the universities have suggested a combination of resources that they then can apply against the \$9.1 million. If the measure fails, they must plan beyond the \$26.9 million and select from a similar but more limited set of alternatives.

A report will be provided at the February Board meeting outlining the plans that were implemented and the actions taken on the separate, but overlapping \$9.1 million and \$26.9 million General Fund reductions.

STAFF RECOMMENDATION TO THE BOARD:

The staff recommends that the Board charge the Chancellor to develop for the Chancellor's Office and each university an integrated plan recognizing expenditure reductions (immediate implementation), tuition surcharges, and fund balances that meet the required General Fund cut backs. A report of each plan will be presented at the February Board meeting.

Biennial General Fund Reductions of \$9.1 Million
Sources of Reductions

The Chancellor supports the right of universities to alter their preliminary plans based on 1) the status of the January 28 election and 2) their ability to generate expenditure cuts.

<u>Institution</u>	<u>Expenditure Reductions</u>	<u>Tuition Surcharges</u>	<u>Fund Balance</u>	<u>General Fund Reduction</u>
<u>EOU</u>	√			<u>\$ 363,620</u>
<u>SOU</u>	√	√		<u>460,106</u>
<u>OIT</u>	√			<u>436,599</u>
<u>WOU</u>	√		√	<u>455,686</u>
<u>PSU</u>	√			<u>1,733,378</u>
<u>UofO</u>	√		√	<u>1,878,240</u>
<u>OSU</u>	√	√		<u>2,328,765</u>
<u>OSU-SWPS</u>	√		√	<u>1,122,381</u>
<u>System/OCECS</u>	√		√	<u>359,730</u>
<u>TOTAL:</u>				<u>\$9,138,505</u>

Implications of Reductions

Administrative consolidations, such as eliminating a vice presidential position, are being considered or implemented at many campuses. In addition we are reducing class offerings; implementing student-staff layoffs; eliminating remaining professional development; reducing/eliminating library acquisitions; eliminating remaining replacement equipment; reducing Cost of Living Adjustments; reducing Summer programs; continuing the position freeze, etc.

Fund Balance offsets are avoided to the greatest extent possible given the continuing fiscal uncertainties for this year and moving into the next biennium.

Note: For a hard copy of the page three table, "Impact of Reduction Plans on 2001-2003 RAM Allocated State General Fund," Contact the Board's Office.