

Sent: Tuesday, March 5, 2019 12:41 PM

Subject: Addressing Budget Challenges



A MESSAGE FROM

President Schill

Dear University of Oregon campus community:

Over the last few months, we have communicated with a wide variety of campus stakeholders to let them know that the University of Oregon is going into a difficult budget cycle. Vice President for Finance and Administration Jamie Moffitt has given many presentations articulating the [increasing expenses that are putting pressure on our FY 2019–20 budget](#). We have been clear that without additional state support—a requested \$120 million for all of Oregon’s public universities—we will be unable to hold resident undergraduate tuition increases at or below 5 percent and would likely be forced to look at budget cuts.

While I hope that the legislature will provide public universities in the state with the funds we requested, it is now evident that, even if the state does fulfill the request, we will need to reduce expenditures over the next two years. In addition to rising costs attributable to personnel, PERS, and health care, we are experiencing the full impact of a substantial reduction in international student enrollment. The UO enrolled large classes of students from abroad as recently as the 2015–16 academic year. Since that time, however, like many other American universities, the numbers have begun to fall off. Over the last three years, international enrollment has dropped by almost 1,000 students, representing more than \$32 million in recurring tuition revenue. This decline should stabilize over the next few years as revenues slowly increase from our domestic enrollment growth initiatives

As a result, unfortunately, we will need to reduce annual operating costs by between \$10 and \$11 million. While some of these reductions can be implemented immediately, some will take more than one year. Vice President Moffitt, Provost Jayanth Banavar, and I will spend the coming weeks seeking additional advice and input from campus stakeholders about how to manage this situation without eroding the tremendous progress we have made in many areas across campus over the past few years. We also want, as much as is possible, to protect programs and services that are vital to our core academic and research mission. It is my intention to come back to all of you in less than a month with a more detailed plan about how we will move forward.

Given that almost 80 percent of the UO’s general-education budget comprises salaries, the reality is that any cost-reduction efforts will affect jobs and people. I recognize that this news will cause anxiety among many in our campus community, but I believe it is important to be transparent about what lies ahead. I can assure you that we will look at every available option to mitigate the human impact of budget cuts on our campus community.

Finally, I want to address what can sometimes feel like an incongruent narrative that exists as we contemplate budget cuts at the same time that we have construction cranes busy all over campus helping to build Tykeson Hall, the Knight Campus, Hayward Field, and an addition to our student health center. The vast majority of construction projects and programmatic investments we are making across campus are the result of targeted donor gifts, specific state capital allocations, or auxiliary funding sources. The reality is that these projects and investments—which generally involve little to no general fund dollars—are the very thing that will keep the UO on a path toward excellence even as we wrestle with the volatility of state funding and international enrollment.

Thank you for your hard work and dedication to the UO. By working together, we will be able to weather the challenges that are ahead of us.

Michael H. Schill
President and Professor of Law

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