



To: Michael Moffitt, Dean, Law School
From: Scott Coltrane, Senior Vice President and Provost
Re: Transitional Budget Support for Law
Date: August 6, 2014
CC: Brad Shelton, Vice Provost for Budget and Planning
Jamie Moffitt, Vice President for Finance & Administration & CFO

It has become clear that recent market conditions for the law school are making it challenging for the school to operate under the current budget model algorithms. Law ended FY2014 with a combined balance in the general and fee funds of approximately \$2.5 million. However, it is projected that annual operating deficits of \$3 million to \$4.5 million will continue for several years. I appreciate the fact that you have taken steps over the past few years to streamline operations and reduce the overall expense base of the organization as much as possible.

In order to help support Law during this difficult period, we will be providing the following transitional funding support:

FY2015:	\$1,500,000
FY2016:	\$3,000,000
FY2017:	\$3,000,000
FY2018:	\$1,500,000
FY2019:	\$1,000,000

It is expected that at the end of FY2019, Law will still have a deficit in its fund balance, but that annual operating margins will be run rate even to positive. At that point, we expect Law to be in a position to begin to pay back that fund deficit over a period of years. During FY19, it is expected that the Dean will work with the Provost and the finance team to develop an appropriate pay-back plan given the current financial environment.

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We will set up annual meetings with Law leadership to discuss the financial situation each year. However, our intention is not to annually adjust these figures, but rather to provide a stable commitment of central transitional funding for the first three years. We also intend to provide the central support outlined above for FY2018 and FY2019. If, however, conditions in the law applicant market significantly improve or other financial issues arise, rendering this central support unnecessary or impossible, we will revisit the plan for these final two years.



To: Frances Bronet, Dean, AAA
From: Scott Coltrane, Senior Vice President and Provost
Re: Transitional Budget Support for AAA
Date: August 6, 2014
CC: Brad Shelton, Vice Provost for Budget and Planning
Jamie Moffitt, Vice President for Finance & Administration & CFO

It has become clear that recent market conditions for AAA (particularly in the Architecture program) are making it challenging for the school to operate under the current budget model algorithms. AAA ended FY2014 with a combined deficit in the general and fee funds (income fund and continuing ed for credit fund) of approximately \$3 million, and it is projected that annual operating deficits of \$500K to \$1 million will continue for several years. I appreciate the fact that you have taken steps over the past few years to streamline operations and reduce the overall expense base of the organization as much as possible.

In order to help support AAA during this difficult period, we will be providing the following transitional funding support:

FY2015:	\$700,000
FY2016:	\$700,000
FY2017:	\$500,000
FY2018:	\$300,000
FY2019:	\$100,000

We will also be permanently augmenting AAA's budget by \$500,000 starting in FY2015.

This funding is expected to both provide necessary transitional support while AAA continues to work to reduce its overall expense base and increase revenue

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streams through new program development (e.g., Product Design program). This funding should also help with costs related to AAA taking over management responsibility for the Sustainable Cities and Community Services Center Programs.

It is expected that at the end of FY2019, AAA will still have a deficit in its fund balance, but that annual operating margins will be run rate even to positive. At that point, we expect AAA to be in a position to begin to pay back that fund deficit over a period of years. During FY19, it is expected that the Dean will work with the Provost and the finance team to develop an appropriate pay-back plan given the current financial environment.

We will set up annual meetings with AAA leadership to discuss the financial situation each year. However, our intention is not to annually adjust these figures, but rather to provide a stable commitment of central transitional funding for the first three years. We also intend to provide the central support outlined above for FY2018 and FY2019. If, however, conditions in the graduate applicant market significantly improve or other financial issues arise, rendering this central support unnecessary or impossible, we will revisit the plan for these final two years.



To: Andrew Marcus, Interim Dean, College of Arts and Sciences
From: Scott Coltrane, Senior Vice President and Provost
Date: September 02, 2015
Re: College of Arts and Sciences Budget
Cc: Michael Schill, President
Brad Shelton, Vice Provost for Budget and Planning
Jamie Moffitt, Vice President for Finance & Administration & CFO

I am writing to follow up on our conversations regarding the budget for the College of Arts and Sciences. I am aware of the considerable budget pressure that you have faced over the last few years and I appreciate the steps that you have already taken to help keep costs under control.

Last March, we implemented several adjustments to help CAS manage its budget. These included:

1. Moving responsibility for faculty start-up costs (estimated at \$4 million per year) from CAS to Research
2. Implementing a permanent, recurring \$2 million budget augment
3. Implementing a temporary one-time transfer of \$2.2 million in FY15
4. Working with Academic Extension to ensure that online courses run through the schools and colleges and the Budget Model (estimated at \$1 million of recurring revenue for CAS)
5. Directing Academic Extension to make a one-time transfer of \$1.8 million to CAS in FY15

Despite these budget adjustments, and in part due to recent enrollment shifts, CAS is continuing to face recurring deficits going forward. Projections in BANNER show a \$7.4 million shortfall for FY16. I understand that given more recent information, you expect the recurring deficit to be closer to \$8 million for FY16. In order to stabilize CAS's budget situation, I am directing Brad Shelton and Jamie Moffitt to make an additional permanent, recurring budget augment of \$5.0 million to CAS through the General Fund Supplement of the Academic Budget mode

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At the start of FY16, CAS had a little over \$9 million of General Fund carry forward. It is my expectation that with this final adjustment, CAS will be in a position to either grow revenues or reduce costs to balance the college's budget. While I recognize that it may take a few years to implement the changes necessary to fully balance the budget, my expectation is that you will be able to balance the budget over several years with recurring revenue and/or cost initiatives and that CAS will still maintain a general fund carry forward of at least \$5 million.

As you know, for a variety of reasons it is extremely important that we continue to make progress on improving the academic excellence of our institution. To that end, we are making focused investments to increase the number of tenure track faculty lines and intend to fill them with exceptional new faculty hires. As you take steps to improve the College's financial position, it is vitally important that we protect our investment in growing the ranks of research active and tenure related faculty. This will necessitate taking a hard look at administrative and other costs and seeking efficiencies whenever possible.

I appreciate the hard work that you have done to identify potential initiatives to improve CAS's budget situation. I understand that these initiatives include:

- Continuing implementation of new CAS budgeting processes to facilitate spending control
- Continuing to promote use of foundation funds to cover appropriate expenses
- Centralizing or reorganizing some of CAS's administrative services
- Reducing summer session dividends paid to departments
- Freezing / reducing faculty numbers in stagnant enrollment programs
- Reducing GTF numbers to program appropriate levels
- Reviewing and adjusting OA / NTTF staffing levels

In addition I expect that you will work on various new initiatives to better utilize existing staff and faculty resources or to generate additional revenue, including:

- Reviewing and enforcing class size minimums
- Reviewing and enforcing minimum faculty teaching loads
- Launching new master's degree programs and other enrollment enhancing initiatives

I understand that the size and complexity of the College of Arts and Sciences makes it difficult to quickly implement new initiatives or to standardize processes across many units and I appreciate fully that the changes you have undertaken are difficult. I also appreciate that the size of the college offers you some advantages, as compared to smaller schools and colleges, in terms of being able to balance across units and focus on reorganizing to realize efficiencies. I will be leading efforts to do many of these things from the Provost's Office in the coming years, including developing more centrally managed systems for hiring faculty and staff to promote academic excellence. As we move forward with central initiatives to reduce institutional costs (e.g., strategic sourcing, centralizing certain functions such as IS or Communications, etc.), it is going to be very important that CAS participate fully in these endeavors.

Finally, I would like for you to work with your leadership team to put together a budget plan that outlines the key steps that CAS will take to close the remaining budget gap, including projections for how this will be accomplished in the next three years. Additionally, in order to help inform the discussion, I would ask that you create a report that details both FTE figures and salary and benefit costs for TTF, NTTF, GTF, OA, and classified staff positions within CAS over the last five years. I will ask my office to schedule a meeting for us in 4-6 weeks to review and discuss this information and plans for the next three years. I look forward to working closely with you to forge new budgetary and organizational models and processes that will maintain and enhance the competitive excellence of the College of Arts and Sciences and the University of Oregon.