

June 8, 2017

Dear Campus Community:

As we near the end of the academic year, I wanted to provide an update on the budget process and the work of the University Budget Committee (UBC).

First, as you may know, our tuition plan was approved by HECC and tuition is a key factor in our budget modeling. The plan includes a tiered tuition plan that ranges from 5 to 10 percent depending on the funding gap in the Public University Support Fund (PUSF). Compared to the Governor's recommended budget, the gap is about \$100 million for the seven public universities. If the funding gap is closed through increased PUSF funding the tuition increase will be reduced from its proposed level of 10 percent. For example, the most recent budget from the Ways and Means Committee increases PUSF funding by nearly \$20 million. If we reach the \$20 million threshold, tuition increase will be reduced from 10 to 9 percent.

Another key factor in our budget planning relates to overall enrollment. Currently, our enrollment projection for 2017-18 is showing a decrease of between 1 and 5 percent. This trend, coupled with the expansion of the OSU-Cascades campus and the Oregon Promise, have placed downward pressure on the freshman class. This negative trend is offset somewhat by increased transfer enrollments; yet overall enrollment is likely to be down compared to last year. Once all these factors are accounted for, including our expected increases for salary and benefits, Western's on-going (structural) budget deficit is expected to be as high as \$3 million per year.

Following review by the President's Cabinet, I presented a number of proposals to the UBC that would reduce the deficit starting in 2018-19. I have asked the UBC to consider these proposals and identify those that have the greatest merit. Put differently, the UBC will provide its assessment of the items that are likely to have the least negative impact on our ability to achieve our mission and goals. The UBC recommendations will inform the final budget decisions for FY2017-18.

As we begin fiscal year 2017-18 on July 1, several things are evident. First, **we will use our reserves** to meet the deficit as we enter FY2017-18. This funding will provide additional time to complete the needed steps to balance the budget for 2018-19. Second, **Western is not considering a furlough for employees**. Rather, by the start of 2018-19, we need to have strategically identified areas where services can be reduced. In some cases, this will mean not filling vacant positions, and in some scenarios positions may be eliminated. With over 80% of

Office of the President

345 Monmouth Ave. N. | Monmouth, OR 97361 | 503-838-8888 | Fax: 503-838-8600 |
wou.edu/president



the budget committed to personnel, it is not feasible and not strategic to cut programs in an across-the-board manner. These decisions will be difficult but they will be aligned with the goals outlined in our strategic plan—*Forward Together*.

As the academic year comes to a close and summer approaches, we continue our efforts as public universities to secure additional state funding. This remains our highest priority, and depending on our collective success in this regard, we will plan accordingly.

Sincerely,

Rex Fuller
President