From: salem_update-bounces@lists.oregonstate.edu on behalf of Mills, Jock
To: CAS DeanStaff; CAS Unit Leaders; Salem Update Listserv
Subject: [Salem Update] Salary Pool Recommendation from Emergency Board --80%
Date: Thursday, June 26, 2008 1:41:56 PM
Attachments: ATT10435390.txt

The General Government Subcommittee of the Joint Emergency Board, chaired by Sen. Kurt Schrader (D-Canby) has recommended that the E-Board release 80% of the $125 million state salary pool to state agencies -- $100 million.

If the full E-Board acts on the Subcommittee's recommendations, as is expected tomorrow, OSU will experience a $2.4 million budget reduction. The numbers below identify the estimated reductions under a 20% cut at OSU:

OSU Education and General: $1.36 million
Agriculture Experiment Station: $576K
Extension Service: $430K
Forest Research Lab: $ 49K

Total OSU Reduction: $2.415 million

Subcommittee members addressed the fact that "ending fund balances" at universities were up, and that if they wanted to, universities could spend these balances down, and no reductions in programs would be necessary. In fact, if the balances are up, it's because spending has been deferred, and reductions have been taken. While OSU managers will be seeking as many ways as possible to reduce the impacts of the $2.4 million reduction in state general funds, not all the class sections that would have otherwise been provided, will be offered. Fewer students will graduate on time, and more students will pay tuition and take out loans for longer than they otherwise would have.

OSU statewide public services programs (the Agriculture Experiment Station, Extension Service, and Forest Research Lab) have limited balances and even fewer tools available to manage their $1 million reduction. The primary tool available for them is managing vacancies, resulting in some key positions being left open.

Next Tuesday, when the fiscal year begins, the $25 million in un-spent salary pool funds will be reverted to the Emergency Fund and may be spent however the E-Board deems necessary. While some E-Board members suggested that the salary pool is a continuing dialogue and additional funds could be released in September, this seems unlikely. A number of challenges currently facing the state that contributed to the E-Board's determination to withhold 20% of the funds, will also likely be significant factors in determining where any unspent funds may be used. These challenges include, continued lack of trust in the state's current revenue forecast, unanticipated expenses due to wildfires and other natural disasters, expected losses of federal funds due to the failure of Congress to renew the secure rural schools program, and potential cost increases in other state programs. Ironically, all of these factors contribute to the state wanting to manage its ending

fund balance, just as OSU has sought to do.

On a positive note, the Education Subcommittee approved a $215K expenditure from the Emergency Fund to address the emerging problem of bee colony collapse in Oregon. These funds will be used by AES and Extension to hire a bee expert at OSU and to improve OSU's outreach -- enabling the state to respond to and analyze the collapse of bee colonies in Oregon. Bees are critical to the successful cultivation of a wide variety of food and specialty crops that bring in millions to the state's economy.

~~~~~~~~~~~~~~~~~~~~

Jock Mills
Director, Government Relations
Oregon State University
524 Kerr Administration Building
Corvallis, OR 97330
(541) 737-0725
http://oregonstate.edu/
~~~~~~~~~~~~~~~~~~~~