

Alternatives to Academic Cuts: **Addressing UO's Projected Budget Deficit**

Prepared by
United Academics Committee on the University of Oregon Budget

Executive Summary

According to the administrative leadership of the University of Oregon (UO), the university faces a growing gap between income and expenses in its Education and General (E&G) Fund primarily due to reduced enrollment of out-of-state students. The administration describes this shortfall as approximately \$25 million per year that would expand to \$65 million per year without significant changes to revenues or expenses. Public statements from the administration regarding efforts to address the projected deficit have focused so far on cuts to academic units that would permanently diminish the educational and research capacity of the university.

The United Academics Committee on the University of Oregon Budget (UCUB) has analyzed the budget and identified alternatives to academic program cuts. We present some of these alternatives below. We believe that the executive administration should not target the academic mission when alternative fiscal solutions are available. United Academics calls on the President and the Trustees to act to preserve the academic mission as we navigate anticipated financial shifts.

Proposals in this document reflect the interest of United Academics (UA) in supporting a balanced, resilient, and sustainable year-over-year budget with adequate reserves to provide a solid foundation for the UO's standing as an R1 research institution, with membership in the American Association of Universities (AAU).

Proposals

UA asks administrative leadership to:

- **Redirect part of the Internal Bank and the Presidential Initiatives Fund earnings to support the core academic mission (up to \$24.9M in FY27; potential for recurring funds)**
The Presidential Initiatives Fund (PIF) has grown quite large in recent years. While these funds are market dependent and therefore not secure enough for commitments to long-term future funding, there are funds available now to move to the E&G fund. In addition, future Internal Bank earnings that are not required for other budget priorities should be directed toward the academic mission.

- **Use part of the Education and General (E&G) ending fund balance to smooth short-term budget shortfalls during this financial transition (up to \$16M in FY27; potential for recurring funds)**

At the end of FY26, the E&G ending fund balance (EFB) was \$123.9 million which is approximately 9.4 weeks of expenditures; this is higher than the UO's 10-year average of 7.7 weeks. One hundred eight million dollars (\$108M) would be sufficient to provide 8 weeks of coverage. This would make \$16 million available immediately.

- **Reduce E&G fund support for centrally funded capital projects (\$8-18M per year)**

Transfers from the E&G fund for centrally funded capital projects vary markedly – between \$8 and 18 million annually in the last five years. While some obligations are fixed (e.g., debt service and state matching projects), the overall level of E&G support for capital expenditures has some flexibility. At this time, E&G funds for projects such as new capital commitments, project scope expansions, centrally financed cost overruns, or E&G backstops for incomplete external financing should be substantially curtailed.

- **Redirect part of the UO Foundation gift fee on donations to support the core academic mission (\$1.5-2M per year)**

The UO Foundation charges a five percent (5%) gift fee on donations. The Foundation passes the gift fee funds to the university each year primarily to fund further advancement (i.e., fundraising) for UO. Without changing the five percent (5%) amount, UCUB recommends redirecting one percent (1%) of donations directly to the academic mission of the university. Alternatively, the university could increase the gift fee to increase the contribution to the academic mission.

- **Reduce UO's spending on institutional support to a level comparable to peer institutions (\$18M per year)**

According to Federal Integrated Postsecondary Education Data System (IPEDS) data, the category of "Institutional Support"* consumes 13% of total salary expenses — notably higher than the average among AAU public universities (8.8%). If UO reduces spending to the level of its peers, this would save approximately \$18 million per year.

*The Integrated Postsecondary Education Data System (IPEDS) managed by the U.S. Department of Education's National Center for Education Statistics (NCES) collects and organizes institutional-level data from postsecondary educational institutions across the United States.

[IPEDS defines](#) the Institutional Support category as encompassing "expenses for the day-to-day operational support of the institution," including "expenses for general administrative services, executive direction and planning, legal and fiscal operations, administrative computing support, and public relations/development"

Alternatives to Program Cuts: **Addressing UO's Projected Budget Deficit**

Prepared by
United Academics Committee on the University of Oregon

Background

According to the administrative leadership of the University of Oregon (UO), the university faces a growing gap between income and expenses in its Education and General (E&G) Fund primarily due to reduced enrollment of out-of-state students. The administration describes this shortfall as approximately \$25 million per year that would expand to \$65 million per year without significant changes to revenues or expenses. Public statements from the administration regarding efforts to address the projected deficit have focused so far on cuts to academic units that would permanently diminish the educational and research capacity of the university.

The United Academics Committee on the University of Oregon Budget (UCUB) seeks to respond to UO budget concerns. This report moves beyond the E&G fund to examine the university's finances as a whole. These recommendations also reflect a move away from over-reliance on revenue from tuition, particularly that of out-of-state student tuition.

UCUB proposals are designed to prioritize the UO's core academic mission by maintaining the faculty's ability to engage in research and deliver a strong, comprehensive liberal arts education. These proposals do not contradict the ongoing need to update curriculum, shift research and teaching priorities, and reconfigure administrative structures. However, such changes should continue to be the result of faculty-driven shared governance processes.

Discussion

Redirect part of the Internal Bank and the Presidential Initiatives Fund earnings to support the core academic mission

The Presidential Initiatives Fund is a pool of funds that resides within the UO Internal Bank. This pool is available to the president as one-time monies to invest in university projects/initiatives. It has accumulated unusually large revenues in recent years due to asset market returns. While it is risky to rely on market returns for long-term ongoing expenditures, UO should take advantage of current market conditions to temporarily offset revenue changes in other areas.

Recent annual allocations to the Presidential Initiatives Fund:

Fiscal Year	PIF Opening Balance (in Millions)*	Allocation to PIF (in Millions)*	After Disbursements and Scheduled Future Allocations (in Millions)*
FY 2022	\$ 0.1	\$ 2.0	\$ 3.2
FY 2023	\$ 3.2	\$28.9	\$32.0
FY 2024	\$32.0	\$23.8	\$39.4
FY 2025	\$39.4	\$22.0	\$55.5
FY 2026	\$55.5	\$18.3	\$24.9

*Rounded to the nearest \$100,000.

Given the scope of UO's projected \$65 million four-year structural adjustment, this revenue stream is too substantial to treat as peripheral.

The Office of the Senior Vice President for Finance and Administration (VPFA) projects approximately \$24.9 million remaining in the Presidential Initiatives Fund after scheduled FY26 expenditures. The VPFA identifies two substantial future liabilities for which this fund is intended as a principal funding source: a recurring \$33.2 million liability for the White Stag building in Portland and an estimated \$50 to \$90 million for the replacement of the Enterprise Resource Planning system ("Banner"). The eventual sale of the White Stag building will offset some or all of that liability. UCUB understands that UO will need to preserve some of the existing PIF balance for these long-term liabilities but believes that some of the funds can and should be applied to the academic mission of the university.

In addition, the Internal Bank should immediately and temporarily direct new annual Internal Bank earnings to unrestricted E&G deficit reduction for FY27–FY30. The policy should sunset after four years and be reviewed annually as market returns, interest rates, and university finances change.

This would not incur new debt, draw down donor-restricted funds, or permanently weaken the Internal Bank. It would temporarily prioritize preservation of the university's academic core over accumulation of additional discretionary presidential reserves during a budget correction.

Permanent reductions in academic capacity should not be undertaken to preserve the normal accumulation of discretionary one-time funds unless the administration justifies to the UO Senate that those future uses are more urgent than preserving current instructional and research capacity.

Use part of the Education and General (E&G) ending fund balance to smooth short-term budget shortfalls during this financial transition

At the end of FY26, the E&G ending fund balance (EFB) was \$123.9 million which is approximately 9.4 weeks of expenditures; this is higher than the UO's 10-year average of 7.7 weeks. If \$108 million were set aside, this would provide 8 weeks of coverage and would also align with the Board Chair's concern, stated at the June 2026 meeting, that this balance should not go below \$100 million. Lowering the EFB to \$108 million would make \$16 million immediately available for one-time rainy day funds starting in FY27.

UCUB also advocates developing policies for determining an appropriate goal for the E&G EFB each year that accounts for the need to build up reserves while also making funds available for addressing budget deficits.

Reduce the E&G fund support for centrally funded capital projects

UO's financial reports show that E&G transfers for centrally funded capital projects have varied substantially over the past five years—from \$8 million to \$17.8 million annually. That variation suggests that while some obligations are fixed, the overall level of E&G support for capital expenditures has some flexibility and reflects a combination of prior commitments and current policy choices.

The central principle is straightforward. Before UO administrators permanently reduce academic capacity, they should demonstrate which E&G-to-capital transfers are unavoidable, and which remain discretionary. Existing debt service must be honored, and highly-leveraged state matching projects are financially prudent. Nevertheless, new central capital commitments, project scope expansions, centrally financed cost overruns, and E&G backstops for incomplete external financing should face a substantially higher threshold for E&G fund transfers during this period.

For FY27, approximately \$14 million is budgeted for E&G net transfers. For all transfers and particularly for centrally funded capital projects, the university should identify the receiving fund or project, the purpose of the project, its primary or other funding sources, whether the obligation is legally or contractually fixed, whether it represents new spending or repayment of prior borrowing, and whether it can be deferred without significant financial penalty.

The Senate Budget Committee should oversee a careful, transparent screening of E&G supported capital projects, which would require the administration to demonstrate why an operating fund transfer to a capital purpose is sufficiently urgent to take precedence over instruction and academic programs.

Redirect part of the UO Foundation gift fee on donations to support the core academic mission

The UO foundation currently levies a five percent (5%) gift fee on all gifts. This fee is immediately transferred to the university for “ongoing, essential funds for the university's advancement efforts and emerging priorities” (<https://www.uofoundation.org/faq>). The analysis by UCUB indicates that this gift fee amounted to approximately \$10 million in 2024 and \$8.4 million in 2025. All or nearly all of these funds were allocated to the UO advancement office to support additional fundraising efforts.

UCUB proposes redirecting a percentage of the existing gift fee to the E&G fund and/or increasing the gift fee by a small amount to support the E&G fund. This is particularly critical in the context of large-scale philanthropically funded capital projects that increase central administrative costs but generally do not come with dedicated revenue streams to support those costs. This means that while gifts often support specific projects, they generate financial burdens on the infrastructure of the entire institution. Generally, such burdens are paid for by

the E&G fund. Separate from any other reason, allocating a portion of all gifts towards the E&G fund will work to offset those costs.

UO Gift Fee Compared to Other Institutions

The five percent (5%) gift fee that UO charges is quite standard or even below that of other institutions. For example, University of California at Berkeley (UC Berkeley) charges 7.5% (see [UC Berkeley Philanthropic Allocation](#)) and Cornell University has a 10% gift assessment. Harvard University and UC Berkeley employ a different practice for contributions related specifically to research endeavors. They charge 15% and 13%, respectively (see Appendix 1 and the link above).

These institutions as well as others recognize that in addition to continuing general fundraising goals, academic and research programs funded by donations depend upon shared university infrastructure. Therefore, they direct a portion of that philanthropy toward sustaining the academic ecosystem—faculty, research infrastructure, facilities, libraries, technology, and related institutional capacity—that enables donor supported programs to flourish. In this vein, it is instructive to note that Berkeley chose to rename its former “gift fee” as a “philanthropic allocation.”

Some Plausible Options that Could Happen Right Now

Because the Foundation already assesses a five percent (5%) fee and transfers it to the university, a policy change would not necessarily require inventing a new donor assessment fee. Instead, a slight change in practice could align part of the assessment with the language articulated on the donor website.

For example, without changing the current assessment fee, the Foundation could change the payout to the university as follows:

Allocation	Share.
Central/unit advancement	3.0%
Academic infrastructure/ general academic support	1.0%
<u>Strategic/emerging priorities</u>	<u>1.0%</u>
Total	5.0%

Or, using UC Berkeley's allocation style the university could structure the assessment as follows:

Allocation	Share
Central advancement	2.0%
Benefit to unit/college	1.5%
<u>Academic infrastructure</u>	<u>1.5%</u>
Total	5.0%

At \$100 million in assessed annual philanthropy, one percentage point represents \$1 million annually for academic operations. At \$200 million, it represents \$2 million. The UO Foundation reported \$292 million in contributions in FY25. Thus, even a relatively modest redistribution could produce a meaningful recurring academic revenue stream without increasing the assessment donors pay presently.

Reduce UO's spending on institutional support to a level comparable to peer institutions

During the past decade, administrative growth at UO has continued in spite of enrollment and financial challenges. Student enrollments today are roughly the same as they were in 2014. From 2014 to 2024, the total number of instructional employees decreased by 1.5%. During the same period, the total number of administrative employees increased by 17.6% (See Appendix 2).

This administrative growth has had a significant effect on the E&G budget not only because of the increased number of positions, but also because the salaries associated with many of the new positions (e.g., Vice Presidents, Associate Vice Presidents, and Directors) tend to be high. This has reached a level that is far higher than historical numbers and salaries and significantly higher than UO's peer institutions. IPEDS data show that "Institutional Support" positions, distinct from faculty positions, currently make up over 13% of UO's total salary costs. The average spent on Institutional Support salaries among the 36 AAU public universities is 8.8%. If the percentage of the UO's E&G budget for Institutional Support salaries were commensurate with the AAU average, this would result in approximately \$18 million in annual savings. Our peers demonstrate that this is possible (See Appendix 3).

Conclusion

This report outlines several avenues for navigating UO budget concerns without reducing programs or otherwise negatively affecting the academic mission of the university. These findings are preliminary in nature. UA suggests that administrative leadership consider the proposals presented here and other options it has not yet explored. UCUB is available to discuss these proposals in more detail and to work with the administration and UO Senate to address budget challenges while prioritizing the UO's core academic mission.

Appendices

Appendix 1: Assessment of Comparator Gift Fees

Institution	Assessment mechanism	Basis	Major exemptions/limits	Destination/use	Link
UC Berkeley	7.5% philanthropic allocation; 13% research allocation	One-time assessment on gift principal	Gifts-in-kind; certain pre-2016 agreements	Ordinary gifts: 2.5% capital renewal; 2.5% central advancement; 2.5% unit advancement. Research gifts: 2.5% capital renewal; 2% research enterprise; 1% future research; 7.5% administering unit	https://oercs.berkeley.edu/policies/campus-policy-library/assessment-and-distribution-campus-philanthropic-allocation-and
University of Oregon	5% gift fee + 0.75% annual endowment fee	5% on gifts; 0.75% of endowment market value	Details vary by gift	5% is transferred directly to UO for “advancement efforts and emerging priorities.” 0.75% supports Foundation operations	https://www.uofoundation.org/faq
University of Washington	5% current-use assessment; ~0.9% endowment fee	Principal upon receipt; endowment rolling market value	Current gifts ≤\$1,000 and ≥\$5m excluded; endowed gifts treated separately	Explicitly supports “advancement efforts and institutional priorities” ; endowment fee supports advancement/investment management	
UVA School of Medicine	5% through \$10m; 2.5% above \$10m	Restricted gift principal	Gifts-in-kind; gifts unrestricted to Dean; sponsored grants	Creates unrestricted funds for Dean to invest in School of Medicine operations and programs	
Cornell	10% ICR on restricted-gift expenditures; WCMC generally 15% Dean's Assessment	Expenditures rather than original principal	Financial aid, endowment payout; waivers possible	Redistribution to unrestricted college/unit resources; WCMC Dean's funds	

Institution	Assessment mechanism	Basis	Major exemptions/limits	Destination/use	Link
UCLA	6.5% gift fee	One-time gift assessment	Policy-specific exceptions	Described as providing support necessary to UCLA's "overall operation"	
UC San Francisco	4% on endowment/FFE gift corpus + 6% of annual payout	Principal and subsequent payout	Policy-specific	"Infrastructure and Operations Assessment"	
Ohio University	Current-use "Unrestricted Gift Rule"; 1.5% annual endowment administration fee	Gifts and average endowment market value	Endowments exempt from current-use rule; various gift exceptions	Current-use assessment supports Foundation mission and administration; endowment distribution itself supports scholarships, faculty, research and academic units	
University at Buffalo	5% expendable-gift fee + ~1% annual endowment fee	Gift principal; three-year average endowment market value	Endowment principal 0%; in-kind 0%; real property assessed when sold	Gift/endowment administration	
Wright State University	5% ≤\$1m; 3% \$1m–\$5m; 0% above \$5m + 1.5% endowment fee	Gift principal; endowment market value	Scholarships; endowment principal; certain foundations; retained in-kind gifts; old pledges	Foundation administration and fundraising; rationale is to free university resources for core academic mission	
Harvard FAS	15% Current Use Gift Assessment	Operating expenditures from restricted current-use gift funds rather than original principal	Direct student support and specified expense categories excluded	Administrative/overhead recovery	

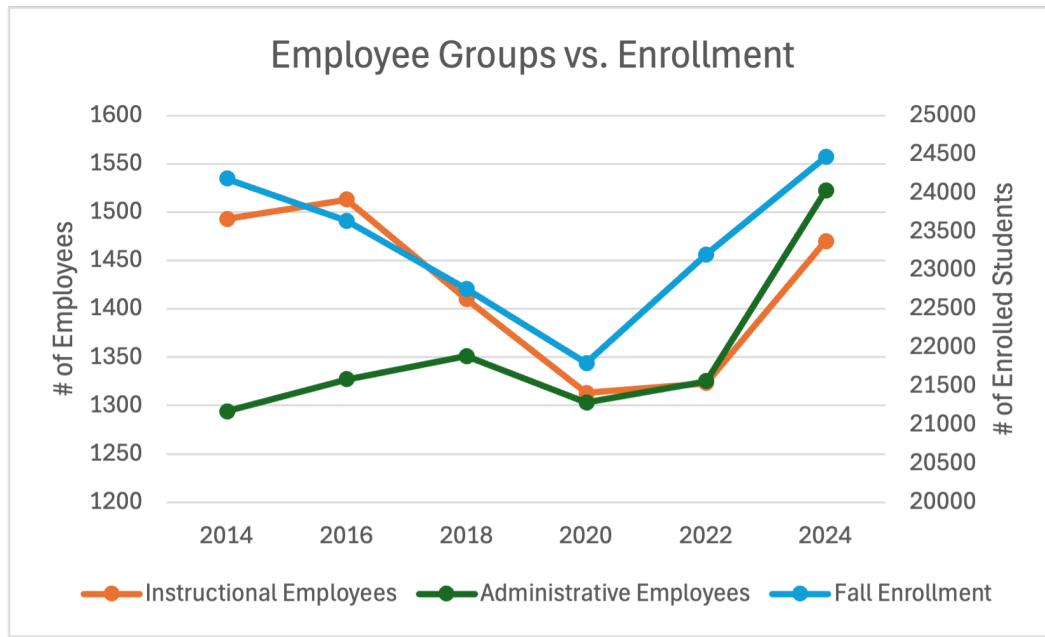
Comparator Gift Fees Assessment Sources & Notes

Institution	Source page / document	<u>URL</u>	Source type	Notes / status
UC Berkeley	Assessment and Distribution of the Campus Philanthropic Allocation and Research Allocation	https://oercs.berkeley.edu/policies/campus-policy-library/assessment-and-distribution-campus-philanthropic-allocation-and	Official university policy	Current; revised May 29, 2026. Basis for 7.5% philanthropic allocation and 13% research allocation.
University of Oregon	UO Foundation FAQ	https://www.uofoundation.org/faq	Official foundation	Current. States 5% gift fee is transferred directly to UO for advancement efforts and emerging priorities.
University of Oregon	UO Foundation — Ways to Give	https://www.uofoundation.org/ways-to-give	Official foundation	Current. Repeats the 5% gift-fee language.
University of Washington	Give to the UW — FAQ	https://www.washington.edu/giving/contacts/faq/	Official university	Current. States 5% assessment on select current-use gifts and approximately 0.9–1% annual endowment fee.
Cornell University	Gifts and Contributions	https://finance.cornell.edu/accounting/topics/revenue/class/gifts	Official university finance	Current. Describes 10% Ithaca ICR / 15% WCMC Dean's Assessment and redistribution of resources.
Cornell University	Indirect Cost on Gifts	https://finance.cornell.edu/accounting/topics/giftfunds/indirectcost	Official university finance	Current. Details 10% charge on expenditures from restricted gift accounts and exemptions.
UCLA	Giving to UCLA — Disclosure Statements	https://giving.ucla.edu/common/ADC_Hipaa_disclosure.asp	Official university/foundation	Live disclosure page; states a one-time 6.5% gift fee supports UCLA's overall operation.
UCSF	Administrative Policy 450-18: Infrastructure and Operations Assessment	https://policies.ucsf.edu/policy/450-18	Official university policy	Current policy. Details 4% gift/corpus assessment plus 6% revenue/payout assessment.

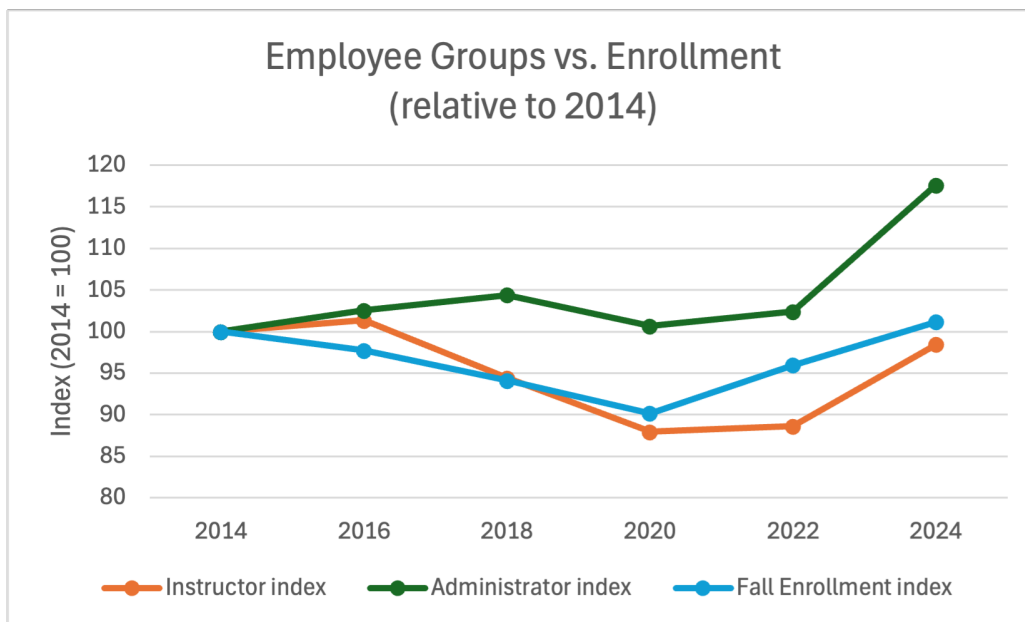
Institution	Source page / document	<u>URL</u>	Source type	Notes / status
UCSF	The Infrastructure and Operations Fund	https://giving.ucsf.edu/io	Official university budget office	Explains that I&O supports basic operations of schools, administration, utilities, infrastructure, and strategic initiatives.
University of Florida	Endowments Explained: A Guide for Professional Advisors	https://ufan.uff.ufl.edu/newsletter/endowments-explained-a-guide-for-professional-advisors/	Official UF Foundation	Current. States 5% one-time fee on new gifts and 1.35% annual administrative fee on endowment spending base.
Washington State University	WSU Foundation — Disclosure of Fees and Assessments	https://foundation.wsu.edu/fees/	Official foundation	Current. 5% on gifts up to \$5 million; maximum \$250,000; 1.5% annual endowment advancement assessment.
Western Washington University	Administrative Assessment	https://foundation.wvu.edu/administrative-assessment	Official foundation	Current. 5% advancement fee on current-use gifts; endowed funds subject to separate 1.5% assessment.
Wright State University	Gift Administration Fee	https://www.wright.edu/giving/gift-administration-fee	Official university	Current. 5% one-time fee on non-endowed gifts; scholarship gifts exempt.
Wright State University	Gift Management and Fees (PDF)	https://www.wright.edu/sites/www.wright.edu/files/page/attachments/Gift%20Management%20and%20Fees%20FINAL.pdf	Official foundation document	Details 5% gift administration fee and 1.5% endowment administration fee.
Harvard University (FAS/SEAS)	Definitions — FAS Office of Finance	https://finance.fas.harvard.edu/pages/gifts-and-endowments-definitions	Official university finance	Current. Defines 15% Current Use Gift Assessment plus endowment-related support assessments.
Harvard University (FAS/SEAS)	Indirect Costs — FAS Office of Research Administration	https://research.fas.harvard.edu/indirect-costs	Official university	Current. States current-use gifts to FAS/SEAS must include a minimum 15% assessment, with exclusions.

Appendix 2: Employee Group data from IPEDS

The graph below shows that UO has an increasing number of administrators compared to instructional employees.



The graph below depicts relative change over time. It demonstrates that compared to 2014 levels, the number of administrators rose by 17.6%; the number of instructional employees decreased by 1.5%; and student enrollments increased by 1.2%. that

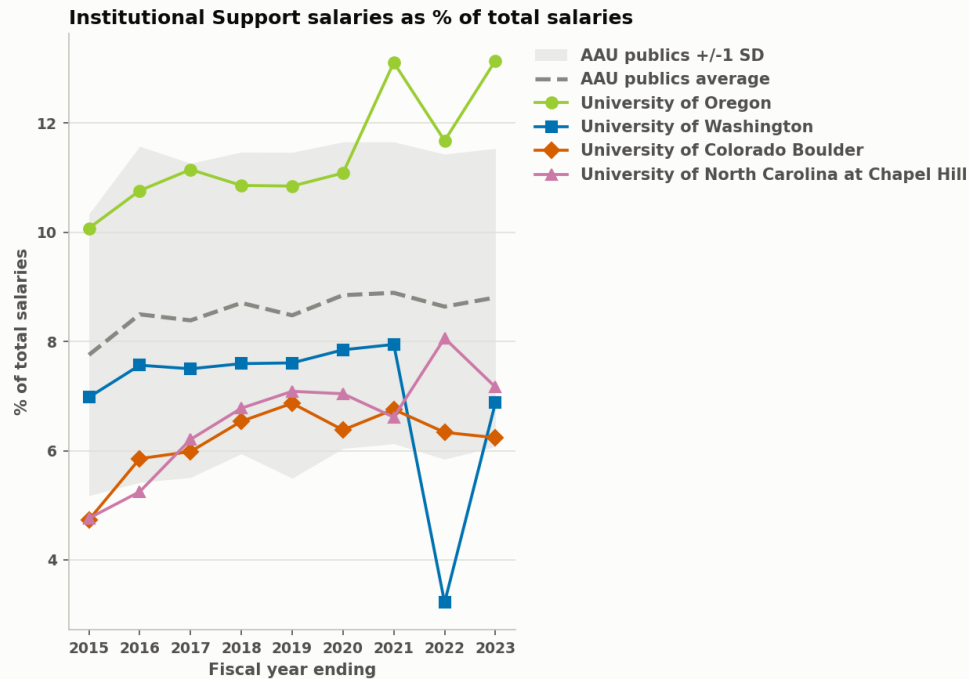


The IPEDS employee numbers stated here are headcounts that include full-time and part-time employees. The “Instructional” employee category does not include researchers or librarians. For “Administrative” employees, we include the following IPEDS categories: Management, Business and Financial Operations, and Office and Administrative Support. This data is specifically found in “Fall Staff” IPEDS data files (file titles: S2014_OC, S2016_OC, etc.). Explanations of the variables can be found in the corresponding dictionary files (file titles: S2012_OC_Dict, etc.). The University of Oregon’s “Unit ID” is 209551. Enrollment figures come from the UO Office of Data Enablement website.

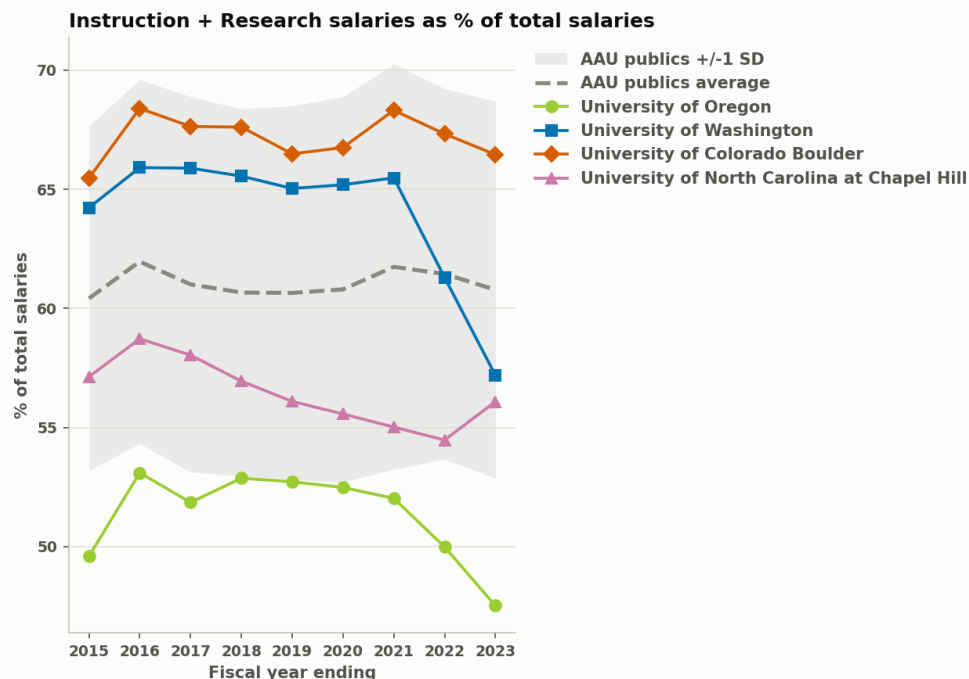
Appendix 3: Institutional Support salary data from IPEDS

UO compared to the 36 AAU Public Universities

The fraction of total salary expenses used for “Institutional Support” is above average at UO.



UO is below average for the fraction going to Instruction and Research.



Using this data, one can compare various universities' salary expenditures across various categories. The salary numbers stated here do not include benefits, whose formulation varies considerably across institutions. In addition, we exclude hospital salaries from the total, allowing comparison of UO to other schools.