As you know we are going through one of the most serious budgetary crises in OU’s history. The state faces an almost $1 billion revenue shortfall. Major cuts are expected in next year’s appropriation. Already our funding from the state has been reduced by 3% for the current school year.

In spite of current cuts and expected cuts you are doing a remarkable job of continuing to maintain our high standards of excellence. I am deeply grateful for all that you are doing.

To address these budget challenges, I have presented about $20 million in proposed budget cuts to the OU Board of Regents. The proposal is designed to make the cuts in a way which will do the least possible damage to the university and to our students.

It is only prudent that we begin the implementation of cuts now to be prepared for the final reduced state appropriates. To paraphrase the scouting motto, we "must be prepared" and also proactive.

Of the total $20 million, participation by eligible OU faculty and staff on the Norman campus in a Special Voluntary Retirement Program is expected to yield up to $10 million in savings.

In addition another $10 million in cost savings is to be realized by eliminating vacant faculty and staff lines, reducing personnel through attrition, and reduction of departmental budgets which includes decreases in purchasing, especially of major items, and travel.

The budgetary outlook is critical. The university has absorbed more than $80 million in cuts and unfunded fixed cost increases since 2009 while the number of students has increased by over 1,000.

Because one of the largest drivers of cost is personnel, OU Administration explored a number of alternatives for seeking cost reductions in this area. After thorough analysis, a Special Voluntary Retirement Incentive was determined as a significant element in the overall solution to reduce costs and maintain a balanced budget. University Administration developed OU's Special Voluntary Retirement Incentive plan after exhaustive research and detailed analysis of similar incentives implemented at other institutions across the country.

The program will help the University realize much-needed savings, optimize the operational efficiency of administrative and academic units, and provide a one-time opportunity for eligible University employees to receive a financial incentive to voluntarily retire from service at an earlier date than might otherwise have been planned.

The program is designed to provide departments and academic units with an effective vehicle to address fiscal constraints, achieve a long-term reduction in payroll and benefits costs, and minimize involuntary terminations.

Those who qualify for the program are full-time benefits eligible faculty and staff on the Norman payroll who are age 62 or greater and meet normal University retirement age and service requirements as of the effective date of December 31, 2015. Depending on the department or unit of the eligible employee,
effective retirement dates are expected to occur between June 30, 2016, and December 23, 2016, although institutional objectives and organizational priorities may require certain participating employees to extend their retirement date beyond December 23, 2016. Approval must be obtained from the President or his designee to extend a participant's retirement date beyond December 23, 2016.

Participants will be paid in a single lump sum, less all deductions for local, state and federal taxes legally required to be withheld, no later than one month following their date of retirement. Full-time benefits eligible faculty and benefits eligible salaried staff will be paid an amount equal to 75 percent of their annual base salary in effect on their retirement date not to exceed $100,000.

Full-time benefits eligible support and service staff who are not exempt from overtime rules will receive their current hourly rate in effect on their retirement date times 1,560 hours not to exceed $100,000.

No portion of the lump sum payment is eligible for salary deferral under OU's retirement savings plans or considered compensation for purposes of calculating the University's contribution to the Oklahoma Teachers Retirement System.

The University will fully subsidize medical insurance premiums for current retirees and employees eligible for retirement prior to January 1, 2016. The University will subsidize medical premiums for employees who become eligible for retirement on or after January 1, 2016, at the percentages previously established for retirees as outlined in the OU retiree medical insurance subsidy matrix.

Special Voluntary Retirement Incentive participants will not be eligible for reemployment in a benefit eligible position at OU for three years after retirement. However, they may return to work at the University in any part-time (10 hours or less weekly), non-benefits eligible position 60 days after retirement.

Those who are paid with external grant or contract funds or who were given notice of their involuntary separation from the University prior to the effective date will not be eligible for the program.

For further information about the Special Voluntary Retirement Incentive Program, faculty and staff members may contact their college offices, administrative unit officers or the Office of Human Resources at 325-2961 or at the Nuclear Engineering Lab Building (NEL), Room 244.

We must all be alert to ways in which we can save money or increase revenue. New academic initiatives which increase revenue must be considered. Grants and contracts and private funding need to be vigorously pursued.

Above all, we must not stop thinking about ways to improve and strengthen our university in the future. We must come through this crisis more cost effective than ever while being ready to act positively when better financial times return in the future.

These prudent and careful steps will help us secure a better future for the University of Oklahoma.

Thank you again for your hard work and for devoting yourself to the highest possible standards.

Sincerely,

David L. Boren
President