

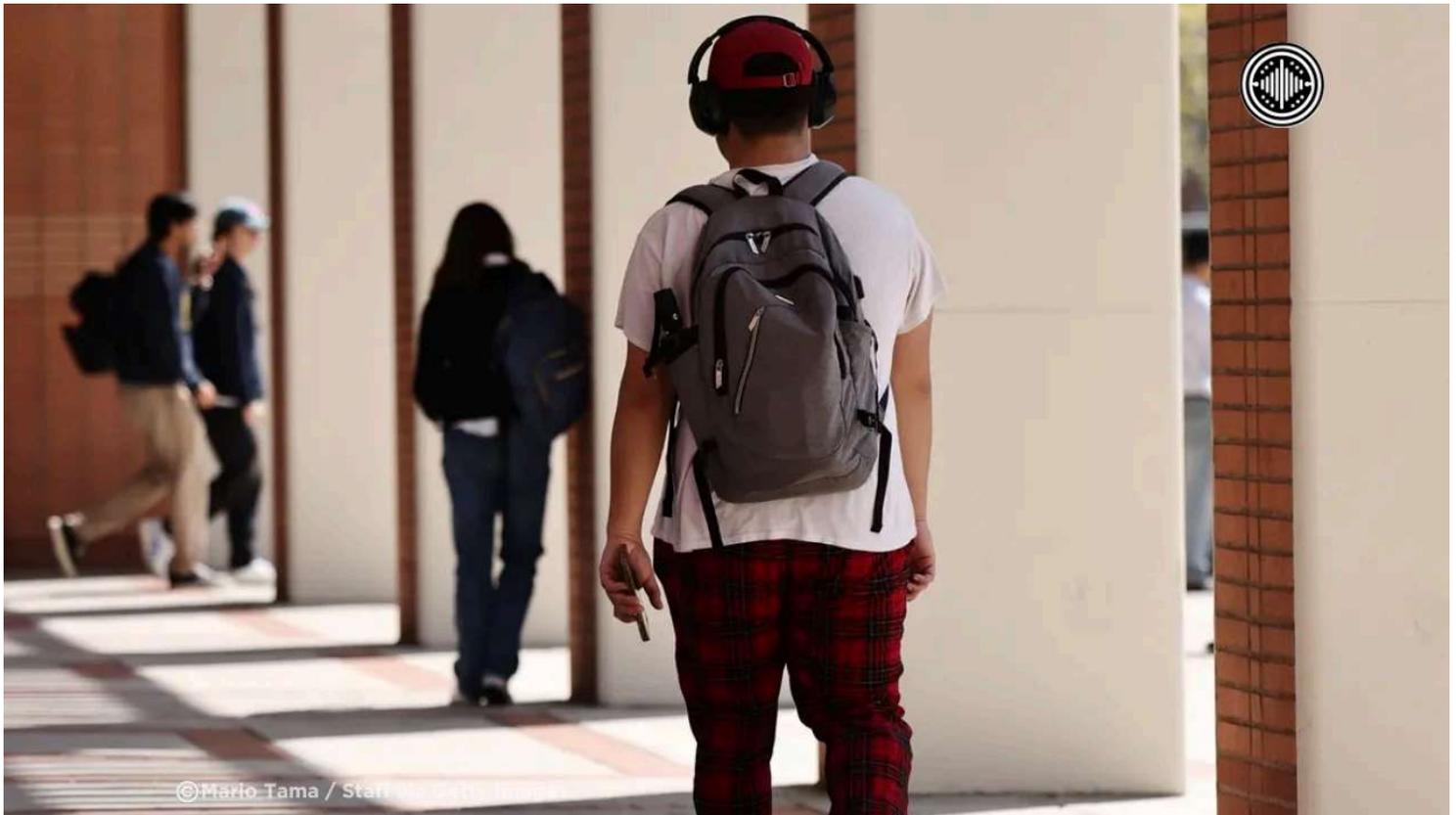
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USC Faces Layoffs, Major Cuts Amid \$200 Million Budget Crisis

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The University of Southern California (USC) is preparing for staff layoffs and sweeping budget reductions as it struggles to contain a growing financial deficit and a looming collapse in federal research support. Interim President Beong-Soo Kim outlined the urgent need for a fundamental shift in the university’s operations in a message to the campus community this week.

The announcement comes as USC attempts to close a widening operating gap that has surged to \$200 million. This figure marks a sharp rise from the \$158 million shortfall in

fiscal year 2024. On top of internal budget pressures, USC is now bracing for a potential drop in federal research funding that could cost the university more than \$300 million each year. Kim stressed that addressing this challenge will require tough, immediate decisions, including staff reductions.

“To deal decisively with our financial challenges, we need to transform our operating model, and that will require layoffs,” Kim said in his message. He acknowledged the pain this would cause but emphasized that it’s a necessary move to stabilize the university’s future.

Mounting Pressures

The looming cuts come as the university faces external headwinds from several directions. USC has not disclosed how many positions may be laid off, but officials signaled that the layoffs will affect various departments and administrative areas. The university is expected to conduct a thorough review of ongoing projects and prioritize programs that are mission-critical or financially sustainable.

Federal research grants, a major revenue source for research-driven institutions like USC, are under threat amid growing political tensions and shifting national priorities. USC heavily relies on support from federal agencies such as the National Institutes of Health (NIH) and the National Science Foundation (NSF). With federal budgets tightening, this once-reliable funding stream is at risk.

Compounding the problem is a decline in international student enrollment, a trend affecting many U.S. universities since the pandemic. On top of that, uncertainty around federal financial aid programs adds another layer of difficulty for planning and budgeting. These factors have all combined to push USC into a corner, forcing its leadership to act decisively.

Founded in 1880, USC has built a reputation as one of the nation’s top private research universities, with strong programs in engineering, business, the arts, and health sciences. But its financial model has long depended on a mix of tuition, philanthropy, and federal grants. As costs rise and revenue contracts, the need for a structural overhaul has become increasingly clear.

Kim, who stepped in as interim president earlier this year, said the administration is committed to reshaping the university to ensure long-term growth. “We’re not just cutting to survive. We’re reshaping the university so we can thrive in the future,” he stated.

While no timeline has been given for when changes will roll out, faculty and staff have been warned to prepare for a significant transition. For many in the USC community, the months ahead may bring uncertainty, but also an opportunity to redefine what the university stands for in a challenging new era.