

Paraphrasing Confucius: "If you know all the answers you haven't been asked all the questions."

We are in the middle of the most challenging time in higher education that most of us have ever seen. It comes with uncertainty about many things---enrollment, new kinds of teaching, constraints on research work, job stability, and on and on. Even with that uncertainty, we need to help faculty, staff and students continue to make progress in their education, scholarship and engagement, to the best of our collective ability. The work of everyone on campus has been quite remarkable. There are two major budget tasks right now, one managing the impacts of spring term remote delivery on budgets and one planning for the 2020-21 budget for all units and all funds. There is a great deal we don't know yet and things that are hard to estimate right now (like fall enrollment).

Principles

- We are facing an all university and all funds problem. The financial position of each part of the university impacts the ability of other units to be successful. Losses in one area can impact fund balance flexibility, long-term retention of employees, and progress with capital projects.
- We are trying to be flexible and creative in solutions as the situation moves to impact different parts of the university.
- This may involve reconsidering some of our past practices and boundaries on things like subsidies across funds, use of fund balances, splitting of costs across funds, refinancing or financing some costs, etc.
- We have to accept significant uncertainty as part of our planning for several months. It is possible we will be back to largely normal operations in fall and possible we will see a year of remote delivery without athletic events, high vacancies in university housing and dining, and declines in externally funded grants and contracts (all with major revenue and mission impacts). We have to manage that uncertainty while providing as much support and reassurance as possible to the university community.

Spring quarter, 2020

- The immediate impact on spring term revenues is relevant to FY21 in terms of potential impact on fund balance and workforce planning.
- The largest impact is on self-support units -----net revenue losses of \$6M in athletics, \$18M in housing and dining (18% occupancy or so), and loss of fee revenues and sales in other units. The total gross revenue losses are currently estimated in the \$28M to \$30M.
- SWPS –potentially \$1M losses (tax revenues and county funds); Cascades (\$0.3M, tuition); Corvallis (\$4.7M, net tuition, sales and services, fees)
- ~\$35M total, which will have some offsets in savings in travel, S&S, student workers in dining centers, and others still being evaluated. We don't know yet how the Federal stimulus funding will offset (or not) any part of the net losses.
- The university is looking at all options for keeping faculty, staff, and graduate assistants employed and supporting students who no longer have their university jobs.

Fiscal year 2021 (Summer, 2020 through Spring, 2021)

- The scenarios for fall, 2020 (they are more scenarios than forecasts) are extremely uncertain, principally around enrollment but also around state funding (pending the May revenue forecast) and federal stimulus including support for the research enterprise.
- Enrollment signs right now are positive for fall...paid deposits for resident and non-resident (including international) students are up significantly as are deposits for transfer students. What we don't

know is how students’ decisions will change over the summer as the pandemic plays out around the world.

- We are taking a matrix approach to the financial forecasting (see the sketch below for a start on this). The high-level issue is the state of the world and the management of the pandemic: are we back in business in September, back in business in January, or back in business in September of 2021? In each of those cases there are various scenarios from pessimistic to optimistic depending on changes in various categories of enrollment, state funding, and Federal funding.
- For illustration, we discussed with the Board three scenarios for Corvallis E&G revenues for FY21 assuming we were largely back in operation in fall. The range of those three projections had a swing of \$41M from a \$32M loss (relative to pre-Covid projections) in the pessimistic case (10% loss of state funding, 10% loss of US non-residents, 25% loss of PRC non-residents, 15% loss of other international students, 2% loss of graduates, 10% growth in Ecampus over current estimates) to plus \$8.9M in the optimistic case (no loss of state funding, 2% growth of resident undergrad, 5% loss of US non-residents, 10% loss of PRC and other international, 15% additional growth in Ecampus, 2% growth in resident graduate enrollments). The point is not the specifics but how large the differences are.
- We are still working to provide a **preliminary** budget to units by the end of April that would include some planning on strategies if the revenue projections in June are significantly better or significantly worse than those the preliminary budget is based on.

Figure 1. Outline of scenario planning approach for 2020-21. This is only partially done (obviously) as an illustration of how we will need to do planning over the next month.

FY21 OSU Covid Budget Planning Matrix (this version for illustration only as a starting place)

	Case 1: Resume normal operations Sept 15, 2020, ~9 months post outbreak	Case 2: Resume normal operations Jan 1, 2021, ~12 months post outbreak	Case 3: Resume normal operations July 1, 2021, ~18 months post outbreak
Various scenarios with assumptions about: State funding, X% growth of resident undergrad, Y% loss of US non residents, Z% loss of PRC and other international, A% additional growth in Ecampus, B% growth in graduate enrollments	Corvallis E&G (+-\$XM) Auxiliaries (+-\$XM) Grants, other (+-\$XM) SWPS (+-\$XM) Cascades (+-\$XM) Strategies and actions Tuition and financial aid strategies	Corvallis E&G (+-\$XM) Auxiliaries (+-\$XM) Grants, other (+-\$XM) SWPS (+-\$XM) Cascades (+-\$XM) Strategies and actions Tuition and financial aid strategies	Corvallis E&G (+-\$XM) Auxiliaries (+-\$XM) Grants, other (+-\$XM) SWPS (+-\$XM) Cascades (+-\$XM) Strategies and actions Tuition and financial aid strategies