

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.

### 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, or financing some costs, etc.
- We have to accept significant uncertainty as part of our planning for several months. Planning right now is for two scenarios: one that we are back to normal or at least modified in-person operations in fall and the other that fall instruction is delivered largely remotely and there are still significant limitations on in-person interactions. We have to manage that uncertainty while providing as much support and reassurance as possible to the university community.

There are two major budget issues being addressed now:

### Spring quarter, 2020

The largest challenge in spring was in our auxiliary units, especially University Housing and Dining Services, where spring term residency is down to about 600 students from a capacity of more than 5,000 students. In OSU Athletics, spring sports are cancelled and significant revenue sharing from winter NCAA and PAC-12 conference tournaments will not materialize. All told, gross revenue losses to OSU related to COVID-19 will exceed \$38 million in FY20.

The losses in auxiliaries and other funds will be managed through several steps:

- Use of Federal CARE funding of approximately \$15.7 million, including \$700,000 for OSU-Cascades (of which \$7.5M will be distributed directly to students impacted by the changes to remote delivery).
- Significantly reduced expenditures for services, supplies and business travel.
- Restructuring of debt payments in auxiliaries.
- Use of cash reserves planned for UHDS renovations to cover some spring term student housing and dining operating shortfalls.
- Directing all senior academic and administrative leaders to limit hiring to positions absolutely essential to maintaining undergraduate and graduate students' progress to degree completion.
- Evaluating staffing and benefit options for those individuals where work may no longer be available.

These steps will allow us to minimize layoffs at this time. However, our financial position going forward depends on how quickly OSU returns to pre-COVID-19 operations; whether enrollments remain robust in the summer and fall terms; whether the state maintains our funding in the current biennium; and whether additional federal and state emergency relief is provided.

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

- **Pandemic Scenario Planning-** OSU’s COVID-19 Continuity Management Team, is evaluating several pandemic recovery scenarios based on varied timelines for a return to face-to-face instruction and on-site operations (see figure below for example of revenue scenarios).
- **Hiring Freeze-** Until further notice, and with limited exceptions, all hiring must stop. Exceptions to the hiring freeze must be approved by the Provost and the Vice President for Finance and Administration. Exceptions may be granted for positions that are essential to the continuity of academic programs; fulfilling research contracts and grants; and fulfilling funded commitments.
- **Freeze on Discretionary Salary Increases-** Until further notice, discretionary off-cycle salary increases for professional and academic faculty must stop. Exceptions must be approved by the Provost and the Vice President for Finance and Administration and may be granted in limited situations to facilitate retention, pay equity or promotions.
- **Services and Supplies Spending Restrictions-** Reduce expenditures wherever possible. Purchases should be restricted to those critical to maintaining the continuity of our land grant research mission, meeting the terms of contracts and grants, and supporting priority operations.
- **University-sponsored Travel-** Non-essential OSU travel remains suspended until further notice.
- **FY21 Budget Reduction Planning-** All academic and administrative leaders will be asked to develop FY21 budget scenario plans that anticipate E&G spending reductions of 3%, 7% and 10%.

*Figure 1. Outline of scenario planning approach for 2020-21. This is only partially done and is an illustration of various cases we will need to plan for over the next weeks. The 3%-7%-10% reduction planning brackets most of these projected revenue reductions.*

<b>FY21 OSU Covid Revenue Budget Planning Matrix</b> <b>Scenario 1: Return to normal to modified operations in Fall, 2020</b> (preliminary version—updates regularly)																																
Case 1: State reduction (-10%) Resident 0% International (-10% to -15%) U.S. non-resident (-5%) Graduate (0% to -4%)	Case 2: State reduction (-15%) Resident (-3%) International (-15% to -20%) U.S. non-resident (-10%) Graduate (0% to -7%)	Case 3: State reduction (-20%) Resident (-5%) International (-20% to -30%) U.S. non-resident (-15%) Graduate (0% to -10%)																														
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<b>These are scenarios—not plans or decisions.</b>																																