

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.

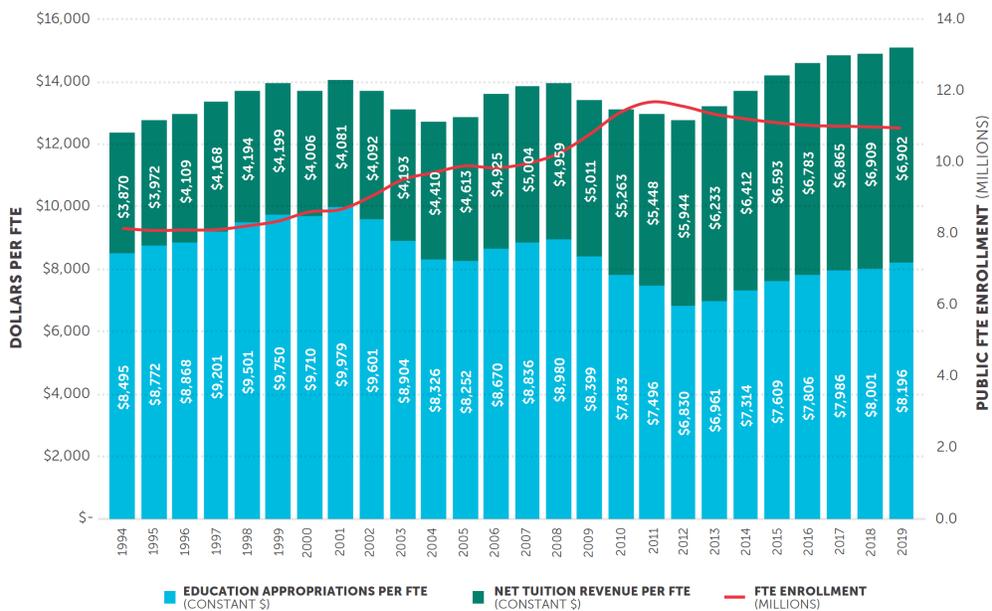
We are facing an all-university and all-funds problem. The financial position of each part of the university impacts the ability of other units to be successful. Losses in one area can impact fund balance flexibility, long-term retention of employees, and progress with capital projects.

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. We must manage that uncertainty while providing as much support and reassurance as possible to the university community.

It’s a national issue

FIGURE 2.1
 PUBLIC FTE ENROLLMENT, EDUCATION APPROPRIATIONS PER FTE, AND NET TUITION REVENUE PER FTE, U.S., FY 1994-2019 (CONSTANT DOLLARS)

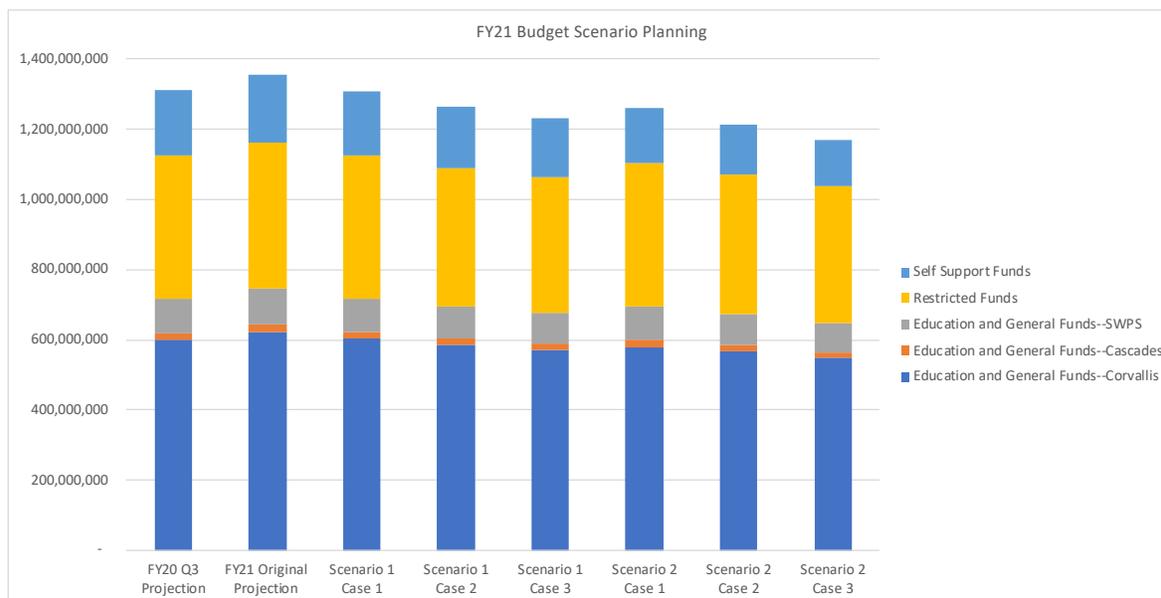


“State funding for higher education remains below pre-recession levels and will likely stay that way, a new report from the State Higher Education Executive Officers association shows. The fiscal 2019 State Higher Education Finance report [1] was well underway before the

coronavirus pandemic tore through higher education budgets. But Sophia Laderman, senior policy analyst at SHEEO and lead author of the report, considers it a useful tool as higher education braces for a recession. “Think of this year’s report as the next baseline for the recession we’re coming into. Public funding for higher education has never been so low going into a recession,” Laderman said.¹”

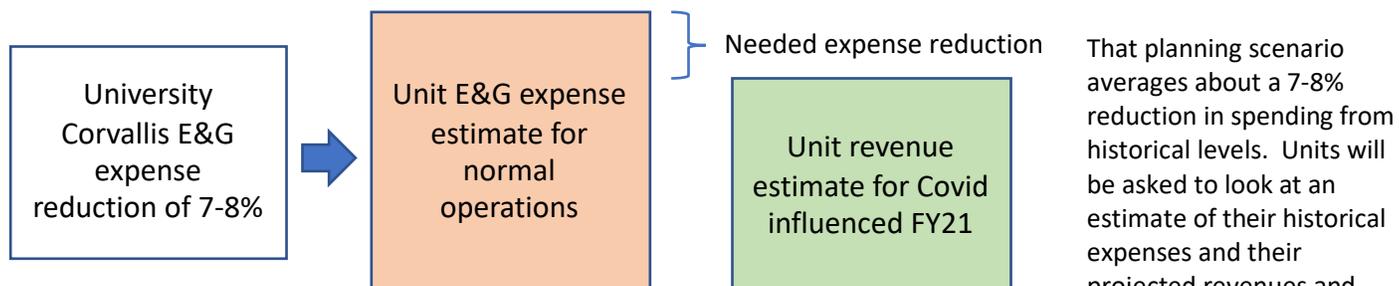
¹ “Public higher education in a “worse spot than ever before” heading into recession”, https://www.insidehighered.com; https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY19_Report.pdf

Scenario Planning



We are planning budget in several scenarios (the first being modified return to campus in fall and the second being return to campus in January) and cases within each of those. Across all funds they vary greatly, with revenue gaps (to historical expenses) of \$50M to \$195M depending on the assumptions about state funding and enrollment. We will ask the Board to approve a preliminary budget based on Scenario 1, Case 2 (about a 7-8% reduction for Corvallis E&G expenses) and ask units to provide a budget reduction exercise to understand strategies and options.

Expense Reduction Guidance



describe strategies they would use to make the necessary expense reductions. The percentages may vary across units because the mix of revenues (tuition, state earmarks, sales and services, etc.) vary.

Units will look at decisions that could include, but are not limited to: 1) reduce planned capital or equipment expenditures, 2) reduce travel, supplies, consulting, materials, etc., 3) savings from vacant positions or searches delayed, and/or 4) savings needed from a university-wide salary reduction program. Units will be asked to also note what would change if the expense reduction was as low as 3% or as high as 10%.

The goal of this exercise is to inform university decisions about expense planning and possible salary reduction needs. A challenge for units will be to consider how to maintain essential work in instruction and research while making these expense reductions so that there is not erosion of enrollment and revenues beyond what may happen because of the pandemic. If a university-wide salary reduction program is necessary, it will be developed at the university level not the individual unit level.