

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.

Timelines

We will try to start keeping a timeline of some of the important benchmarks for budget planning:

- May 20th State revenue forecast✓
- May 21st Renewal worksheets due to Human Resources✓
- May 28th Budget scenario worksheets due to Budget Office✓
- May 29th Board of Trustees meeting✓
- May to August START advising and registration sessions—partway through
- ~June 15th Preliminary initial budget—also next Budget Conversation, thereafter middle of each month✓
- July 31st Final initial FY21 budget model (state budget decisions maybe August?)
- September 1st Budget adjustments if enrollment forecasts are solid
- September 23rd First day of fall term classes
- October 16th Board of Trustees meeting
- October 21st Fourth week enrollment census
- ~November Budget adjustments if necessary
- December 1st Governor’s recommended Budget for 2021-23

Preliminary Budget Plan

When the preliminary Corvallis E&G budgets went out in June the estimates were for revenue to be down 2.2% overall, at \$583.3M, but expenses (unadjusted for any changes) projected to be \$632.2M or a gap of 7.7% (\$49M). The expenses include some things that cannot be reduced like an additional \$3M for property insurance, \$1.5M for operating costs of new facilities coming online, and \$1.6M of additional debt service due.

The gap between revenues and expenses in the preliminary budget is about \$49M (SWPS and Cascades and self-support operations will also have gaps to manage). The initial plan is to close that gap with \$6-7M of savings in service and supply spending, \$8M of institutional costs (largely capital renewal spending), \$8-9M of personnel costs savings (no mid-year raise, vacancies, delayed hiring), \$15M of fund balance use, and \$10M in savings from the university salary reduction program.

Budget Scenarios and Planning

The budget forecasts are being updated as we get information on enrollment and state funding.

State and Federal Funding

The original request to State agencies was to plan for an 8.5% biennial reduction or about 17% for FY20 from FY19. The revenue forecast was somewhat better than expected, though still down, and an across-the-board reduction, if chosen as an option, would look more like 3% for the biennium. However, there are some funding categories like debt service that cannot be reduced and pressures to support some areas more than others. It seems increasingly likely that there will be a special session of the Legislature to balance the FY19-21 budget though the timing remains uncertain. We are currently assuming a 4% biennial reduction for general state funding (the Public University Support Fund) and 5% for most of the targeted programs (Climate Institute, Institute for Natural Resources, etc.). While the Legislature met in June, they did not grapple with any of the budget balancing questions, in part waiting to see if more Federal aid is approved.

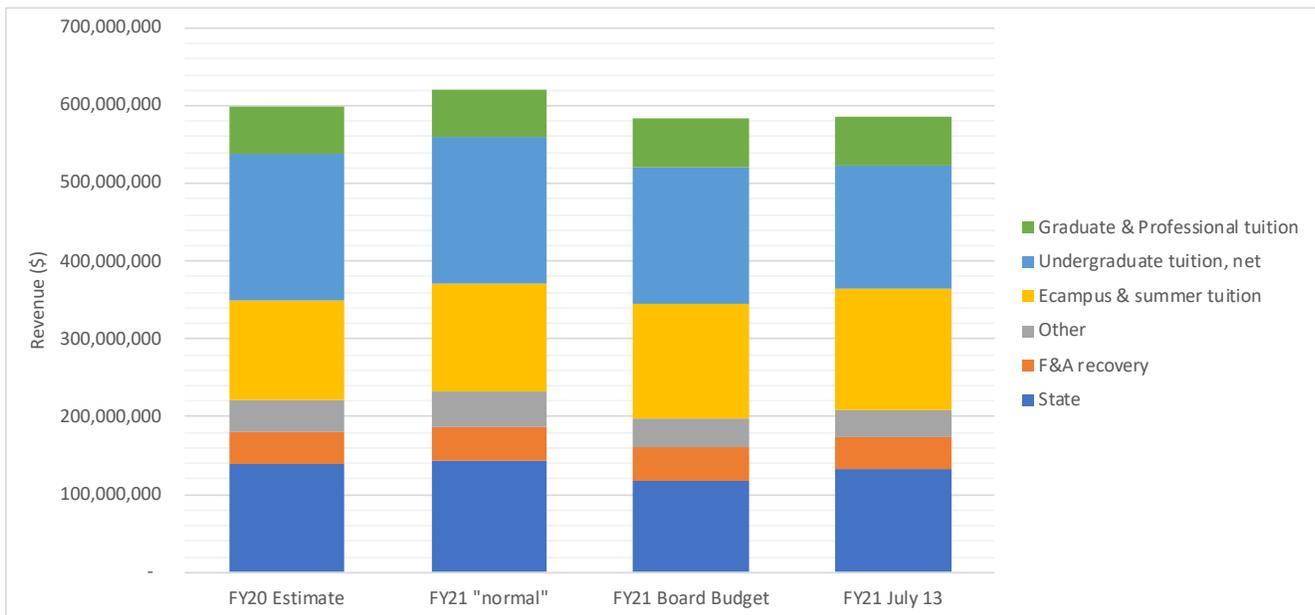
There is a lot of discussion in Washington about additional coronavirus stimulus funding but the size, timing, and focus of any such funding is still not clear.

Enrollment

	July, 2019	July, 2020	Change
Total credit hours	277,083	263,895	-4.8%
Ecampus	33,583	44,853	33.6%
Cascades	6,786	7,732	13.9%
Corvallis all	235,684	210,084	-10.9%
Resident undergraduate	150,184	133,030	-11.4%
Non-resident U.S. undergraduate	46,196	40,548	-12.2%
Non-resident, international, PRC	7,441	5,466	-26.5%
Non-resident, international, other	8,462	7,222	-14.7%
Graduate and professional	38,235	39,552	3.4%

Summer enrollments have been good and Ecampus enrollments for fall are up over 30%. However, comparing credit hours for fall this year with the same point in registration a year ago shows significant declines in credit hours in Corvallis. These are mostly for undergraduate students with particular drops for international students. Graduate enrollments are about flat, but tend to solidify a bit later in the summer so it is too

soon to tell what direction those enrollments will go. The improved state funding picture and large Ecampus growth help offset the projected lower revenue for Corvallis face-to-face instruction. The overall revenue projection remains nearly the same, though the mix of sources is different than assumed in the Board budget. How the continuing pandemic development impacts enrollment decisions through the summer remains unknown.



Salary reduction program

The salary reduction program is currently assumed to be at the \$49M budget gap case and is in place for any scenario where the gap between projected revenues and unadjusted expenses is over \$35M. Right now, the projected revenues suggest that the salary reduction program will still be needed to balance the budget. This program is based on progressive marginal rates so brackets of salary are reduced at different rates (exactly the way a progressive income tax is structured). The effective reduction is those accumulated reductions by bracket divided by the total salary.

