

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 29th Board of Trustees meeting ✓
- May to August START advising and registration sessions—partway through
- ~June 15th Preliminary initial budget ✓
- July 31st Final initial FY21 budget model ✓
- August 10th State budget decisions---improved over May ✓
- August 11th Announcement of mostly remote, suspension of PAC-12 fall sports ✓
- August 14th Update to Board of Trustees on budget forecast ✓
- 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 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.

What’s changed and where are we now?

The Legislature committed to keeping the Public University Support Fund at current levels, which means a 4% increase over FY20. There were 5% biennial cuts to some State Programs (like the Institute for Natural Resources) and a 2.5% reduction to the Statewide Public Services, but both were less than the original assumptions in May.

The Pac-12 postponed fall sports as did the Big 10. An additional Federal stimulus package, which does contain support for higher education in both the House and Senate versions, remains stalled in Washington.

OSU announced classes in Corvallis would be largely remote, dorms would be open for students who felt that was the best option for them, and that Cascades would have a higher proportion of in-person classes.

What’s uncertain?

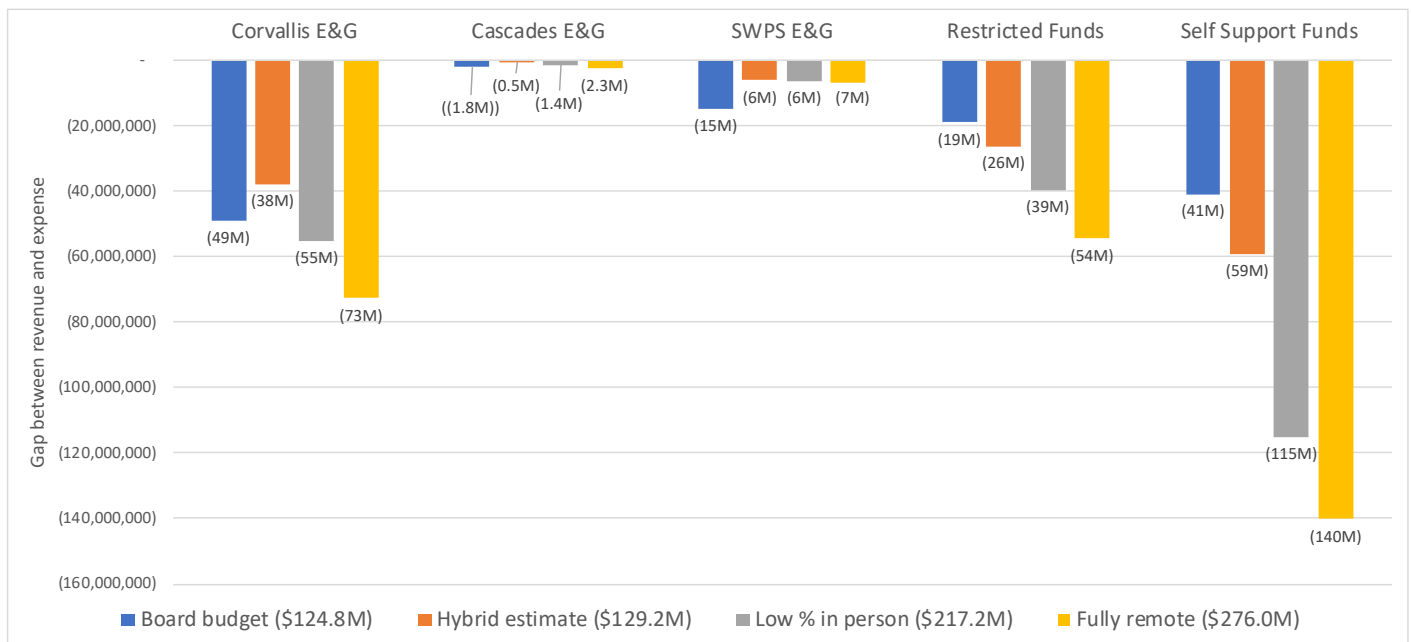
SimpsonScaborough, a national consulting and survey firm, released a report earlier this week that documented the volatility in student decisions about college. Two of their observations were “40% of incoming freshmen say that it is likely or highly likely they will NOT go to college in the fall” and “40% of incoming freshmen say that it is likely or highly likely they will still change their minds about which college to attend.” This group is not always right in their predictions but that is a lot more volatility in commitment than is normally seen in August. Student decisions about enrollment and housing are extremely volatile and will be for the next month. While fall sports were postponed, there is great uncertainty in whether football can (or should) be played in the spring and the revenue consequences of spring football (or no football) are not yet clear.

Enrollment

	Snapshot before Tuesday			Forecast
	August, 2019	August, 2020	Fall Change	FY21 Annual
Total credit hours	318,619	311,587	-2.2%	
Ecampus	39,896	54,219	35.9%	25.0%
Cascades	9,490	10,460	10.2%	2.0%
Corvallis all	268,020	245,578	-8.4%	
Resident undergraduate	170,427	153,978	-9.7%	-13.0%
Non-resident U.S. undergraduate	50,671	46,906	-7.4%	-21.0%
Non-resident, international, PRC	8,369	6,332	-24.3%	-39.0%
Non-resident, international, other	9,741	8,327	-14.5%	-28.0%
Graduate and Professional	28,812	30,035	4.2%	1.0%

The snapshot is for fall term before Tuesday’s announcement about classes in Corvallis. Given the national survey information we expect to see erosion of Corvallis enrollments for FY21. The current average forecast for annual change in FY21 is shown in the table. 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 is somewhat worse, now at a \$55M gap for Corvallis E&G. We expect the enrollment picture to become clearer near the end of August.

What’s the overall outlook?



Challenging would be fair. This was shared with the Board on August 14th. The blue bar is the May budget, the orange bar is what last week looked like, the grey bar is what we currently believe is the best estimate of where we will actually be, and the yellow bar is an estimate of what a worst case would look like (we go back to fully remote with a largely closed campus). The grey bar does assume there is no football at all this year, with the associated loss of revenue—given the size of that impact we are planning conservatively while hoping that games can be played safely. We will manage this forecast (a total \$217.2M revenue shortfall) with reductions in capital and services and supplies spending, reductions in personnel costs (including the salary reduction program), use of significant fund balance, and likely some other funds from sources that might include a Federal stimulus package, Federal funding provided to the state, loans from the Pac-12, or use of some internal bank resources to manage cash flow through the year. The forecast remains very volatile.