

We are in the middle of the most challenging time in higher education that most of us have ever seen. Unfamiliarity and uncertainty remain but we, collectively, are working to help faculty, staff and students continue to make progress in their education, scholarship, and engagement.

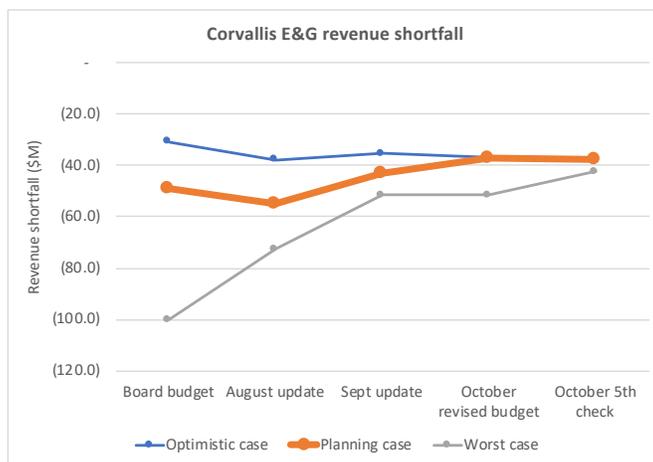
Timelines

Some of the important benchmarks for budget planning:

- September 17th Update to Board of Trustees on budget forecast ✓
- September 23rd First day of fall term classes ✓
- September 24th PAC-12 announces resumption of some sports including football ✓
- October 4th Last day for withdrawal with 100% refund ✓
- October 16th Board of Trustees meeting
- October 18th Last day for withdrawal 50% refund
- ~November Budget adjustments if necessary
- November 15th Beginning of registration for winter term
- December 1st Governor’s recommended Budget for 2021-23
- Ongoing: Engagement with federal congressional delegation on higher education and state support
- Ongoing: Assessment of budget projections and adjustments to salary reduction program as appropriate

Preliminary budget plan

When the preliminary Corvallis E&G budget went out in June, estimates were for revenue to be down 2.2% overall, at \$583.3M, but expenses (unadjusted for any changes) projected at \$632.2M, or a gap of 7.7% (\$49M). We are seeing the optimistic and pessimistic projections converge (likewise with all funds projections), but there are uncertainties (1% uncertainty in Corvallis E&G budgets is \$6M) for the balance of the year.



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.

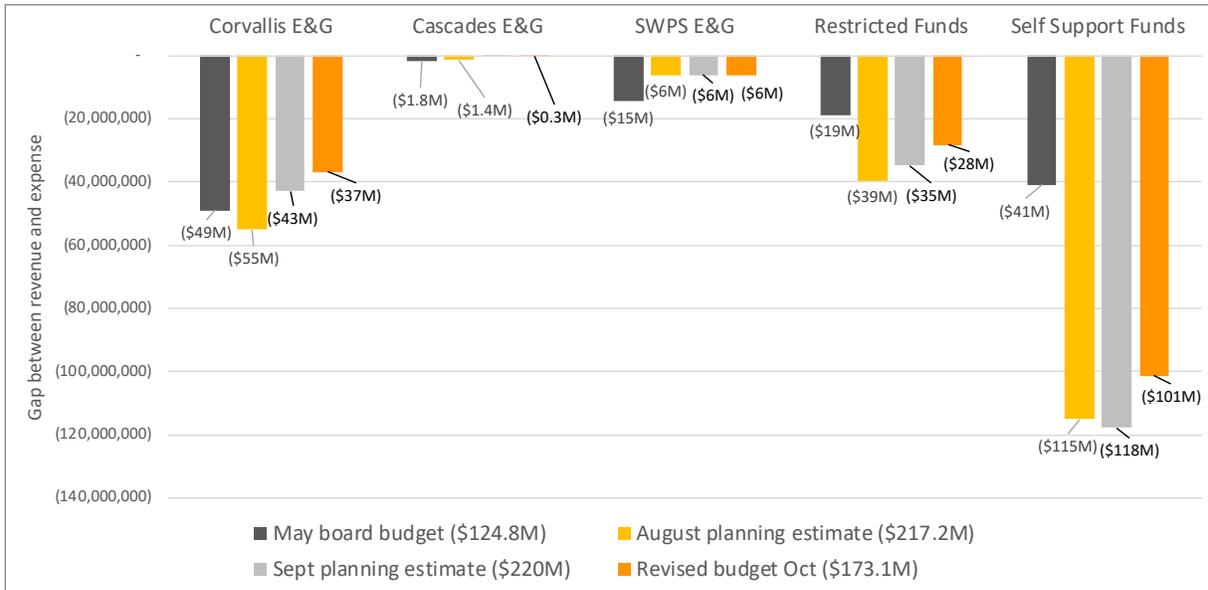
Ecampus enrollments for fall are up 28% and we estimate an increase of 20% for the whole year. There are declines in Corvallis enrollments, mostly for undergraduate students with particular drops among international students. Graduate enrollments are down slightly. Average credit hour load per student is down a bit.

	Snapshot October 5th		Forecast	
	Sept, 2019	Sept, 2020	Fall Change	FY21 Annual
Total credit hours	392,623	388,772	-1.0%	19.9%
Ecampus	49,343	63,134	27.9%	19.9%
Cascades	13,491	14,485	7.4%	5.0%
Corvallis all	328,367	309,701	-5.7%	
Resident undergraduate	193,191	186,136	-3.7%	-4.7%
Non-resident U.S. undergraduate	55,467	53,803	-3.0%	-3.0%
Non-resident, international, PRC	13,997	9,470	-32.3%	-33.0%
Non-resident, international, other	17,172	13,070	-23.9%	-25.0%
Graduate and Professional	48,540	47,222	-2.7%	-2.7%

The snapshot to the left is for fall term on October 5th (after the first drop deadline). We are still assuming some erosion of Corvallis enrollments for FY21 over the rest of the year. The improved enrollment has narrowed the projections for the Corvallis E&G budget gap to about \$37M and, if enrollments hold for winter, the university will be in a better financial position (which would mean reviewing and adjusting the salary reduction program).

What’s the overall outlook?

Challenging, particularly for self-support units, but there are encouraging signs. This will be shared with the Board next week. The dark grey bar is the May budget, the yellow bar is the August estimate, the light grey bar is the estimate in September and the orange bar is the current forecast. We are in a significantly better place than initial forecasts. As previously planned and communicated, we will manage the shortfalls 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 for the year.



What do other institutions look like right now?

According to Inside Higher Ed, nationally “Undergraduate enrollments are down 2.5 percent compared to last fall, with the biggest losses being at community colleges, where enrollments declined by 7.5 percent, according to preliminary data on fall enrollments..... undergraduate enrollment fell at all types of colleges, including private nonprofit four-year colleges (-3.8 percent) The decline was more modest at public four-year colleges (-0.4 percent)”¹. WOU is projecting enrollments down 7%, PSU down about 5% (I haven’t found public numbers for the other Oregon institutions yet).

What is the state outlook?

The September revenue forecast showed revenues for this biennium up \$2B over the previous forecast, so no additional reductions are expected this year. It is also improved for next biennium, although still down. The state budget starts with estimating a continuing service level increase (5.9% for the next biennium) then reducing from that. The initial thought was that reduction might be a net over the current biennium of about 11%, but the new forecast would allow for a net increase of about 2.4%. The final change will depend a great deal on how much funding needs to be committed to support and maintain Oregon’s health programs. We will plan for scenarios from a 2.4% biennial increase (a 1.6% decrease for FY22 over FY21) to a 10% biennial reduction (a 13.5% decrease for FY22 over FY21).

What’s uncertain?

The two most important benchmarks now are first, finish fall term in the current mode (i.e. not going to fully remote) and maintain current activities (enrollment, housing, athletics) and second, ensure student retention and enrollment for winter term continue at fall term levels. The experiences students have this fall are critical to that retention.

¹ <https://www.insidehighered.com/news/2020/09/24/undergraduate-enrollment-falls-25-percent-community-college-enrollment-75-percent>