



This has certainly been the most challenging time in higher education that most of us have ever seen. With the announcement of at least three vaccines with apparently high efficacy, it is fair to say we may be nearing the beginning of the end of the pandemic, though “normal” is certainly still months away as the manufacture and distribution of vaccines gears up. As the academic year moves on we continue to monitor and manage fiscal issues for the current year but are also working to develop an FY22 budget.

**Timelines:** Some of the important benchmarks for budget planning:

- October 16<sup>th</sup> Board of Trustees meeting ✓
- October 23<sup>rd</sup> Fourth week enrollment census ✓
- November 15<sup>th</sup> Beginning of registration for winter term ✓
- December 1<sup>st</sup> Governor’s recommended Budget for 2021-23 ✓
- December 1<sup>st</sup> Suspension of salary reduction program for all but senior administrators ✓
- December 7<sup>th</sup> Prospective FY22 budget model to units for planning
- January 19<sup>th</sup> Legislature convenes for 2021-23 session
- February 1<sup>st</sup> Priority application deadline for new freshmen
- April 1<sup>st</sup> Preliminary FY22 E&G budgets
- Ongoing: Engagement with federal congressional delegation on higher education and state support

**Managing current shortfalls**

E&G and self-support units have been working to balance their FY21 operating budgets through a combination of reduced services and supplies spending, delayed hires, management of vacancies, savings from the salary reduction program, and in some cases modest use of fund balance. For most units, these measures will get units close to a balanced budget. The Budget Office is currently checking in with major units to assess their planning for the current year.

There are some self-support or revenue-dependent units that will be unable to balance operating budgets through those measures and will end the year with deficits. The most challenging of these include University Housing and Dining and Intercollegiate Athletics, but also smaller units like the Veterinary Teaching Hospital and OSU-GO. For UHDS and Athletics, the university is considering restructuring debt portfolios or using loan opportunities under development by the PAC-12. For smaller units we are talking with the responsible vice provost or dean about strategies to address those operating deficits.

	Fall change 2020 over fall 2019	Annual FY21 change assumed	Winter, 2021 over winter, 2020	Projection fall 2021 over fall 2020
<b>Total credit hours</b>	-1.4%		-2.0%	0.5%
<b>Ecampus</b>	28.3%	18.3%	42.4%	5.9%
<b>Cascades</b>	5.9%	6.0%	10.7%	7.5%
<b>Corvallis all</b>	-5.9%		-8.7%	-1.8%
Resident undergraduate	-4.0%	-5.0%	-8.3%	-1.3%
Non-resident U.S. undergraduate	-2.9%	-3.0%	-7.9%	-0.4%
Non-resident, international, PRC	-32.1%	-33.0%	-36.7%	-13.7%
Non-resident, international, other	-24.2%	-25.0%	-29.0%	-14.7%
Graduate	-3.0%	-3.0%	-3.0%	0.1%

**Winter term enrollment and enrollment planning for next year**

Ecampus enrollments for fall were up 28% and we estimate an increase of 18% for the whole year. There were declines in Corvallis enrollments, mostly for undergraduate students with particular drops among international students. Graduate enrollments were down slightly and average credit hour load per student was also down some.

Winter term enrollments are typically down 4% to 5% from fall enrollments. If historic patterns persist, the change in winter to winter enrollments over two years should be about the same as the fall to fall change in enrollments. It is still early in registration for winter term but the general patterns for winter are the same for fall. Ecampus is up a lot, but that is certainly just the timing of registration and changed patterns of enrollment. The trends in other enrollments are

down somewhat more than in fall, but a small drop was assumed in the annual financial projections. It was also assumed that growth in Ecampus would actually slow in winter and spring. If the growth seen in fall term for Ecampus persists, that will help offset any additional declines in on-campus enrollments. The short version is that winter term enrollments don't show any unexpected loss of students and the financial projections for the year remain similar to those in late October.

**Governor’s Recommended Budget for 2021-23**

Governor Brown released the Governor’s Recommended Budget on December 1<sup>st</sup>. The major parts of funding for the seven public universities are largely flat-funded from 2019-21 in the 2021-23 budget. The exceptions include an addition to State Programs to fund the Veterinary Diagnostic Laboratory and an addition to SWPS funding for the costs of facilities operations. Both these items had previously been funded in the PUSF. The practical consequence of this is about a 4% decline from FY21 to FY22, as the state allocates 49% of the appropriation in the first year of a biennium and 51% in the second. The GRB is only the starting point for conversations with the Legislature, but it sets an important benchmark. It has been rare that Legislative funding is significantly less than the GRB. While flat funding does not seem to be great news, it is better than had been anticipated given the revenue shortfalls the state is facing. It does change a historic pattern in which higher education took significantly larger reductions during economic downturns than other state agencies or functions. The seven universities, their government relations offices, students, and various stakeholders will continue to advocate for additional funding as the legislative session proceeds and a clearer picture emerges of the state’s economic circumstances and the potential for additional Federal stimulus support.

Public University State Budget Allocations		
	2019-2021 Biennium Legislatively Adopted Budget	2021-2023 Biennium Governor's Recommended Budget
Public University Support Fund	\$836.9M	\$836.9M
State Programs*	\$41.9M	\$44.7M
Statewide Public Services**	\$188.8M	\$193.0M

\*GRB adds \$2.8M that was in PUSF to support Vet Diagnostic Lab  
 \*\*GRB adds \$4.1M that was in PUSF to support SWPS facilities operations

**Budget Planning for 2021-2022**

The release of the Governor’s budget is helpful but budget planning for FY22, unsurprisingly, still faces a number of uncertainties. The enrollment projections discussed above for fall 2021 are pretty speculative. The number of early applications is actually strong, but it is hard to know what is going to influence students’ decisions about enrolling next year. Another big unknown is what base-line expenses are going to look like. The current year is seeing reduced expenditures as units work to match spending to reduced revenues but spending for some things (travel for example) are likely to increase as OSU resumes more normal operations. However, it is unlikely that revenues will support spending returning to FY20 levels. We are entering budget planning for 2021-22 assuming that current year budgets are the base from which we will work to build FY22 budgets.

There is hope for a time where this experience won't be quite as regular a part of our days:

