

## **Agenda**

1. Update on current budget issues and planning
2. Budget guidance for unit heads for 3%, 7%, and 10% spending reductions
3. Ecampus tuition rate discussions and tuition for remote delivery
4. Other items

## **Update on current budget issues and planning**

- Finished up reporting to the Higher Education Coordinating Commission (HECC) noting biggest impact to Auxiliaries for Spring term (UHDS and Athletics).
- Gross revenue loss estimated to be around \$38M (net, \$28M)
  - Focus will be to keep units afloat and keep people employed
- Federal funding (\$15.7M)
  - Half will go to directly to students and half to the institution
  - No guidance yet on how the institutional half can be used to help cover costs
- Possible strategy – Defer debt payments until next year for Auxiliaries and other funds and then amortize deferred payment(s) into remainder of the loan allowing substantial savings.
- Housing & Dining to use a loan from the Internal Bank to make some renovations instead of using cash reserves.
- Next year is extraordinarily uncertain but the approach is to look at two main scenarios.
  1. Resume operations in the Fall in some modified manor (to be determined based on guidance from public health officials and the government).
  2. Remote through the Fall with modified operations resuming in January.
- From these scenarios there are three financial cases (3%, 7%, and 10%) with a range of impacts that might happen depending on enrollment and what comes from the State.
  - Current guidance from President Ray includes a hiring freeze, and a freeze on discretionary salary increases (both of which have an exemption process).

## **Budget guidance for unit heads for 3%, 7%, and 10% spending reductions**

- Leaders of major units will be asked to provide plans for reducing their spending according to 3%, 7%, and 10% spending reductions.
- State revenue forecast expected (May 20)
  - Expecting a substantial revenue shortfall (between \$1-5 billion for the biennium)
  - Roughly \$2B in reserves and \$1B in contingency
  - It is likely we will have a reduction in State funding next year
- In the event of a 7-10% spending reduction, mechanisms such as salary reductions are generally structured to have a salary threshold where a reduction would be zero.
- Thoughts on guidance to Dean's on "how to" carry out the 3%, 7%, and 10% spending reduction exercise
  - Full understanding of unit spending and anticipated starting point
  - Consider having faculty teach more classes or take salary reductions
  - Consider budget cuts across colleges/units will have varying impacts

### **Ecampus tuition rate discussions and tuition for remote delivery**

- The Ecampus rate strategy was setup for distant students living outside of the state of Oregon. It was not expected that it would be widely used by traditional students.
- The rate was setup to cover the cost of direct instruction, advising and support, and course development. It does not cover physical costs (i.e. buildings, Deans, department chairs, library, etc.).
- Resident and Non-resident undergraduate tuition
  - Physical costs are factored in to both Resident and Non-resident
  - Difference in cost of Resident vs. Non-resident
    - Residents - the State contributes funding per resident, building construction, and some maintenance.
    - Non-resident – does not receive contribution from the State and reflects the closest to the full cost of education.
- For various reasons Corvallis students are choosing to take more courses via Ecampus. The outcome has been very different than anticipated.
- Ecampus tuition workgroup objectives –
  1. Net revenue consequence – how do we optimize revenue?
  2. Perception and management issues – how do we rationalize the pricing structure so it makes sense to students?
    - Things to consider: student classification, clarification of remote courses vs. Ecampus courses, timing of implementation, competitive rate to market/peers, understanding indirect overhead costs and contribution to the unit.

### **Other/Action Items**

- Cascades update –
  - Currently holding detailed budget conversations with staff across all classifications and faculty to discuss framework and approach to budget reductions.
  - The biggest risk is how much the State will make in overall budget cuts to the public universities support fund.
  - Working on how to model what reductions might look like while keeping the preservation of employment a top priority.

### **Next UBC Meeting**

May 22, 2020 2:00-3:30  
Zoom

### **Attendees**

Belinda Batten – *Chair and Associate Dean, College of Engineering*  
Sherm Bloomer – *Vice Chair and AVP, Budget & Resource Planning*  
Safi Ahmad – *Associated Students of OSU*

University Budget Committee  
Meeting Minutes  
April 24, 2020, 2:00 – 3:30 pm  
Zoom



Rakesh Gupta – *Professor, College of Forestry*  
Kelly Sparks – *Associate Vice President, OSU-Cascades*  
Jon Boeckenstedt – *Vice Provost, Enrollment Management*  
Drew Ibarra, *Director, Physical Activity Programs, College of Public Health & Human Sciences; Faculty Senate Budget & Fiscal Planning Committee Chair*  
John Gremmels – *Capital Planner, Infrastructure Working Group Representative*  
Bob Cowen – *Director, Hatfield Marine Science Center*  
Alison Johnston – *Associate Professor, School of Public Policy; Faculty Senate Representative*  
Allison Hurst – *Associate Professor, School of Public Policy*  
Lana Klipfel – *Student Budget Advisory Council*  
Nicci Real – *Director of Budget Development*  
Laurie Henry – *Executive Assistant to AVP, Budget & Resource Planning*