Budget Update

Board of Trustees Meeting
September 17, 2020
Goals for the Discussion

• What are the changes since August?
• What are the current “best estimate” and “worst case”?
• What are the unknowns and strategies?
• Next key steps and dates?
What has changed since May?

• Enrollment stronger than expected
  o Ecampus up significantly more than projected in May
  o Graduate and professional trends complex (residents down a lot, non-resident up a lot)
  o Corvallis undergraduate down more than projected in May but improving
  o Cascades showing growth over last year

• Public health uncertainty and changing delivery mode is shifting enrollment patterns and impact is still fluid

• Athletics planning continues to evolve

• Housing and Dining continues to face a significant challenge

• Salary reduction implemented September 1st
Where are the projections now?

- Cases are converging but uncertainties remain substantial
- A 1% variance in Corvallis E&G projections is about $6.3M
- A 1% variance in all funds projections is about $14.7M
Where are the projections now?

- Corvallis E&G: ($49M) to ($55M)
- Cascades E&G: ($1.8M) to ($1.4M) to $0.1M
- SWPS E&G: ($15M) to ($6M)
- Restricted Funds: ($19M) to ($39M) to ($35M)
- Self Support Funds: ($41M) to ($115M) to ($136M)

Legend:
- Board budget
- May Planning Estimate
- Current Planning Estimate
What are the uncertainties?

- Enrollment is stronger than expected but students may make decisions at later stages than is typical, all the way to the final refund deadline in mid-October
- There may be continued declines in housing contracts as we approach the start of term
- The structure and size of any Federal stimulus package remains uncertain
- Fall and winter Athletics planning remains in flux
What are the strategies?

Corvallis E&G budget management strategies

Revenue gap ($M)

- $60.0
- $50.0
- $40.0
- $30.0
- $20.0
- $10.0
- $-

Board budget ($49M)  August planning estimate ($55M)  September planning estimate ($43M)  Worst case estimate ($51M)

- Reduced capital renewal
- Reduced services and supplies
- Reduced personnel costs
- Fund balance
What are the strategies?

OSU all-funds budget management strategies

- Board budget ($124.8M)
- August planning estimate ($217.2M)
- September planning estimate ($201.5M)
- Worst case estimate ($237.2M)

Legend:
- Corvallis reductions
- Cascades reductions
- SWPS Reductions
- Self-support reductions
- E&G fund balance
- Other funds
- Restricted fund reductions
Strategic decisions in budget strategies

• Progress on SP4.0 (informed by the current situation) including:
  o Investment in Student Affairs to support programs and student progress
  o Comprehensive strategic planning in Information and Technology
  o Investment in Enrollment Management to improve recruitment and retention and improved pathways for transfer students
  o Revised capital renewal strategy to continue to make progress on facilities improvements

• Expense reduction approaches that preserve as much faculty and staff capacity as possible

• Consider long-term cash management and liquidity issues
Key dates and next steps

• September 23rd: First day of class
• October 4th: Last day for withdrawal with 100% refund
• October 18th: Last day for withdrawal 50% refund
• 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
• Ongoing: Discussions with Pac-12 on Athletics planning and bridge support
• Ongoing: Planning for worst case cash management strategies
Questions and discussion?