

April 1, 2020

Dear colleagues,

As we enter spring term, I wanted to give you an update on our 2019-20 budget condition. In short, it is difficult news to share and I aim to provide as much background and detail as possible. As you know, our budget is directly related to enrollment and nearly 70% of our revenue is associated with tuition and fees. Current year fall and winter enrollment lagged 2018-19 by roughly 5% in each term. Put differently fall 2019 enrollment was down more than 200 FTE, and winter 2020 enrollment was down nearly 250 FTE compared to fall 2018 and winter 2019. This trend, coupled with the shortfall in state funding, puts added pressure on our budget. When I last reported to you earlier this year, these factors increased our budget deficit to over \$4 million.

Since our town halls in February, the entire world has been rocked by the rampant spread of the Coronavirus. Nations throughout the world are taking strong measures to stem the tide of the deadly pandemic; yet, the COVID-19 virus continues to spread and wreak havoc. In Oregon, Governor Brown, under the guidance of the Oregon Health Authority and the CDC, has implemented several executive orders that affect the state of affairs in Oregon and higher education.

Initially a key focus was on flattening the curve associated with the spread of COVID-19 by utilizing increased social distancing. For example, on March 17, Governor Brown prohibited in-person gatherings of more than 25 persons. The next day, Governor Brown suspended in-person instruction in higher education. In response, WOU's faculty have taken great measures to move spring courses to remote and online formats for all of spring term. These efforts are aligned with Governor Brown's Executive Order No. 20-09 which states, "Oregonians are depending on colleges and universities to remain operational to the greatest extent possible consistent with protecting public health, including thousands of students who expect to graduate in Spring 2020."

Executive Order No. 20-12 closed many businesses and directed workplaces, including higher education, to "facilitate telework and work-at-home by employees, to the maximum extent possible." This directive for higher education is inexorably linked to guidance from Executive Order 20-09, which states, "colleges and universities shall limit on-campus operations only to critical functions and shall employ social distancing measures, consistent with guidance from the Oregon Health Authority, for all on-campus employees and residents." With these measures in place, we are now seeing the impact on spring term enrollment. As of today, spring enrollment in 2020, compared to same point in 2019, is down over 7% and over 135 FTE.

How does this add up? As we prepare for the April Board of Trustees meeting, the management report on FY2019-20 shows a growing deficit. To reiterate, our expected year-end deficit continues to grow. Despite efforts to curtail spending, expenses are near last year's level and tuition revenue continues to lag last year. Depending on the assumptions we make about spring tuition and fees, the projected deficit may grow above \$6 million compared to the original approved budget deficit of \$1.3 million. The primary drivers of the deficit

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remain the same, shortfall in state funding, higher salaries, increased PERS expenses and now depressed tuition and fee revenue due to unexpected enrollment declines.

At the February budget meetings, we described the impact of reduced S&S budgets and centralized salary savings as we reviewed the need to fill all open positions. With 85% of WOU's expenditure linked to personnel, case by case decisions on open lines is a vital component of our efforts to stabilize the budget for coming years.

At this time, we have made the following decisions that will have an impact on the FY21 budget:

- Eliminated vacant unclassified positions for a savings of over \$300,000
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- Nonrenewed selected unclassified positions for an estimated savings of over \$350,000
- Laid off selected classified positions for an estimated savings of over \$600,000
- Redirected funding for selected positions from E&G to other sources for an estimated savings of over \$100,000
- Salary freeze for all unclassified employees for FY2020-21 and unclassified employees in senior level administrative positions will have reduced FTE to contribute a work week of total compensation (salary and benefits) for a savings of about \$80,000
- Combined, these measures yield an estimated \$1.8 million in savings for FY2020-21

All impacted employees have been notified and these positions will end June 30, 2020. As we move forward, supervisors will review staffing levels and make needed adjustments to ensure that we are meeting our mission and goals. These difficult decisions were made following review and discussion by Cabinet members and reflect our best efforts to support our long-term mission. In this arduous process, we have strived to make decisions that will enable the university to continue with its core functions and position itself for growth in coming years.

Going forward, these decisions will be included in the comprehensive budget for FY2020-21 that will be reviewed by the Board of Trustees. Tuition rates for 2020-21 will be considered at the April 15 Board meeting. Following this decision, a final budget will be developed for consideration by the Board of Trustees at its June meeting.

In closing, I know these are emotionally trying times—I ask that you take care of yourselves, know that the work you do is important and that we will weather this storm.



Rex Fuller
President