

June 16, 2020

Dear Campus Community,

I wanted to follow-up on earlier budget updates that were first issued in fall 2019 and most recently issued on [April 1](#) and [May 6](#). I know that my messages about the budget may sometimes come across as overly analytical and factual but please know that I am keenly aware that we are talking about people in the WOU family when we reduce personnel expenditures. I also know that there is a great deal of stress and anxiety that goes along with the challenges and uncertainties that we are currently facing. Through difficult work and shared sacrifice, I believe WOU will emerge stronger and more fiscally sustainable, able to continue to be a transformative force in the lives of Oregonians.

Our budget condition today is the results of two factors: the impact of COVID-19 and structural misalignment of our budget to enrollment. WOU's enrollment trends, which have shown a decrease from 5,428 in 2011-12 to 4,426 in 2018-19, a decrease of nearly 20%.

The Board of Trustees met on June 10 in its final meeting of 2019-20. One of the major agenda items was consideration of the FY21 budget (i.e., July 2020 to June 2021). Every year, our budget is developed with assumptions about tuition and expected enrollment for the coming year. In April, the Board approved a tuition increase of 4.55% (\$8 per credit) for resident undergraduate tuition as well as all other [tuition rates](#). Given our enrollment trends, we have assumed an overall enrollment decrease of 2.5% in building the budget for FY21. Normally, in the second year of a biennium, we have a high degree of certainty about state funding from the Public University Support Fund (PUSF). However, all public universities in Oregon have been directed to plan on a decrease of 17% for FY21.

Because of budget uncertainties and uncertainties about re-opening plans, two scenarios were developed using different assumptions about residential housing, 400 or 700 students respectively. As noted in the [docket](#), the combined budget for WOU will produce a deficit between \$8.8M and \$10.4M. (See pages 76-85)

As we look back, we entered 2019-20 with an approved budget deficit of \$1.3M and took steps in the fall to address this planned shortfall. On October 15, 2019, I sent an all campus email that included:

- The PUSF funding approved by the legislature was \$20 million below the amount requested by all public universities and needed to maintain current service levels.

- Although we will continue to model different scenarios to prepare to cover this shortfall, we can be certain that some budget tightening will be necessary.

This was followed on October 17, 2019 by a campus email that identified initial actions to be taken.

- ...we are directing departments to apply a reduction of 4.5% to their S&S budgets. These amounts will be moved to a central account at month's end.
- Additionally, beginning November 1, salary savings will be moved to a central account. This means that salaries from unfilled positions will be held at the university level and will not be held in individual units. Once a position is filled, the prorated base funding will be returned to the affected unit for the remainder of FY2019-20.

And, as reported in an all campus email on February 20, 2020, "The net effect of these efforts is that we have identified \$1.9M in budget savings for FY2019-20."

In early April, we made additional adjustments in which we:

- Eliminated vacant unclassified positions for a savings of over \$300,000
- Eliminated vacant classified positions for a savings of over \$350,000
- 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

Following the April 15, 2020 Board meeting, and in consideration of final spring enrollment, additional measures were explored. This round of budget work included the aforementioned assumption around tuition, enrollment, PUSF funding, and consideration of funding related to COVID-19.

In early May additional steps were taken to address both FY20 and FY21. These actions were shared with campus on May 6 and included the following actions with an overarching goal of retaining as many employees as possible.

With that in mind, we worked with both our faculty (WOUFT) and classified (SEIU) unions, as well as the Oregon Employment Department's Workshare Program to leverage state and federal unemployment benefits.

On May 5, the University and SEIU signed a Letter of Agreement regarding a Leave Without Pay (LWOP) and furlough program. These items are described at (1) and (2) below; items (3) through (5) address other aspects of the comprehensive approach to balance the budget.

- (1) For auxiliary enterprises (e.g., residence halls and dining facilities) in particular, which, as you know, have been affected exceptionally by the pandemic, the University reached agreement with SEIU on a LWOP plan designed to maximize access to federal and state unemployment benefits, as well as maintenance of the employee's health insurance. The plan includes the following features:
 - a. Effective **June 1, 2020**, implement an extended Leave Without Pay (LWOP) program to delay possible layoffs, which, if necessary, would run according to the current collective bargaining agreement. This LWOP program will run to **August 31, 2020** (or September 16, 2020 for nine-month employees). At that time, the University will determine whether or not it is able to bring affected employees back to work in the auxiliaries or lay them off according to the process in the current collective bargaining agreement.
 - b. Under this program, affected employees would retain their health insurance *and* WOU would pick up the employee's portion of the premium from June 1, 2020 to August 31, 2020.
 - c. These employees would be eligible for unemployment, including the \$600 federal weekly benefit. WOU will not contest any unemployment claim from any of these affected employees.
- (2) Another feature of the LOA with SEIU is a furlough program for all remaining classified employees. Effective **June 1, 2020** through **August 31, 2020**, the University will implement a 0.2 FTE furlough. These employees are now a part of the Oregon Employment Department Workshare Program. These employees would receive appropriate unemployment insurance, but, because it is a Workshare Program, it is WOU's responsibility to file the paperwork and manage the process. For any employee returned to work from the LWOP program above, they would be placed in this Workshare Program for the remainder of the time to August 31, 2020. Unless otherwise agreed, at present, these employees retain negotiated steps, COLAs, and longevity bonuses. After August 31, 2020, the University will

examine its budgetary conditions and determine whether or not to use mechanisms in the current collective bargaining agreement (e.g., layoff or interruption of work) or devise other creative solutions to manage personnel costs, should it be required.

- (3) For nearly all 12-month **unclassified** employees, effective **June 1, 2020** through **July 31, 2020**, the University, consistent with its Conditions of Employment for Unclassified Employees, will implement a 0.2 FTE furlough. These employees are part of the Oregon Employment Department Workshare Program and receive appropriate unemployment insurance. It is WOU's responsibility to file the paperwork and manage the process. Additionally, for senior administrators, an additional furlough of four (4) days will be taken between **August 1, 2020** through **June 30, 2021**. Because University policy requires thirty (30) days' notices to implement a furlough, timely notices were delivered to the unclassified employees on **May 1, 2020**.
- (4) Significantly consistent with former Oregon Administrative Rule 580-021-0305 *et seq.* (which transferred to WOU by operation of law) and the WOU-WOUFT collective bargaining agreement, the University will initiate program curtailment, a version of retrenchment. This process will allow stakeholders to engage in plans to finalize appropriate reductions and eliminations in Academic Affairs and the faculty.
- (5) I asked Board Chair Betty Komp to work with the Board to reduce my salary to its **2017-18 level** for FY2020-21. (Note: this was approved at the June 10, 2020 Board meeting)

Additionally, on May 7, 2020 I notified the faculty union (WOUFT) that program curtailment was imminent. This is in accord with Article 15 of the faculty CBA. WOUFT and members of my senior administrative team met on May 20 and June 1 to invite WOUFT to "discuss alternatives" to program curtailment. At this juncture, and consistent with advice from WOUFT, I have directed the deans to develop two budget scenarios that reduce personnel expenditures by 10% and 17%. These scenarios are due July 15, after which I will convene a task force to assist me in developing a plan. As required by the CBA, the plan will be shared with WOUFT for further review. I will then finalize the plan after considering the additional comments from WOUFT. At this point, I expect the plan to be completed by the end of August.

In addition, all Cabinet members will be directed to revisit their budgets for FY21 in the coming weeks and develop 10% and 17% cut scenarios related to personnel expenditures.

As noted earlier, the FY21 preliminary budget approved by the Board included two scenarios that are based on assumptions about residential housing of 400 or 700 students. These scenarios are part of larger efforts related to re-opening plans for WOU in light of COVID-19. Following lengthy discussion at the Finance and Administration Committee meeting on May 29 and the June 10 Board meeting, the Board approved the FY21 preliminary budget with these scenarios. However, the Board also directed the University to develop plans that would address the deficit and produce a fund balance that is consistent with our Board policy of having a 5% to 15% fund balance by the end of FY21.

As senior staff and many of us work on these budget reductions, I would be remiss to not also state that many of you are doing the hard work that creates the other half of this equation – growing our revenue through enrollment. We have added new programs, opened WOU:Salem, and improved our retention rates all of which will help us in the future with enrollment and degree production. As I state every fall during my state of the university address, it is critical that we all take an active role in student success –from recruitment to graduation. Reaching out to students, encouraging their return, and providing personalized support is what makes WOU the special place we are all fighting for. It will take all of us to reverse the enrollment trend and provide opportunities for students to enroll and graduate from Western.

In closing, I know we have the capacity to develop a plan that will enable Western to thrive in these turbulent times.

Sincerely,



Rex Fuller, President