



**PUBLIC MEETING OF THE WOU BOARD'S
EXECUTIVE, GOVERNANCE AND TRUSTEESHIP COMMITTEE (EGTC)**

Meeting No. 21

Wednesday, Aug 5, 2020 | 2:00pm – 03:00pm

For audio access: 1-669-900-9128 or 1-253-215-8782 | Meeting ID: 931 9424 0289

AGENDA

- I. CALL-TO-MEETING AND ROLL CALL**
- II. CHAIR'S WELCOME | ANNOUNCEMENTS**
- III. DISCUSSION | ACTION ITEMS**
 - 1) Article 15 Process | Town Hall Update
- IV. ADJOURNMENT**

Budget Town Hall

July 29, 2020

Opening Comments:

Board Chair Komp

President Fuller

You can submit questions during the townhall.

Email your question to: provost@wou.edu

After we cover the information in the presentation and questions submitted in advance, we will try to address questions submitted during the townhall.

FY 2019-20 Overview

Actions in FY2019-20

October 2019

- ... we applied a reduction of 4.5% to their S&S budgets.
- 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.

April 2020

- 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

June 2020

- Extended LWOP and furloughs for classified and unclassified employees

Western Oregon University: FY20 Projected Year-End
(Unaudited, non-GAAP, for management purposes only)

	As of April 30, 2020 Management Report	As of 7/23/20	Difference
Student Fees & Tuition (net of remissions)	\$34,781,892	\$34,935,394	\$153,502
Government Resources & Allocations	\$27,512,295	\$27,516,295	\$4,000
Gift Grants and Contracts	\$611,849	\$738,498	\$126,649
Other Revenue	\$4,242,953	\$3,735,890	(\$507,063)
Total Revenues	\$67,148,989	\$66,926,077	(\$222,913)
Personnel *	\$62,217,644	\$59,828,355	\$2,389,289
Service & Supplies	\$6,664,805	\$7,809,390	(\$1,144,585)
Capital Expense	\$306,634	\$109,647	\$196,987
Total Expenses	\$69,189,084	\$67,747,392	\$1,441,691
Net Transfers	\$3,059,697	\$3,099,681	(\$39,985)
Total Expenses and Transfers	\$72,248,780	\$70,847,074	\$1,401,706
Operating Net Revenues less Expenses	(\$5,099,791)	(\$3,920,997)	\$1,178,794

* Reflects \$1.8M of CARES institutional reimbursement

Western Oregon University: FY20 Projected Year-End
(Unaudited, non-GAAP, for management purposes only)

	As of April 30, 2020 Management Report	As of 7/23/20	Difference
Other Activities			
Investment in Salem Building	(\$2,698,042)	(\$2,698,042)	\$0
Retirement Window Payment	(\$782,798)	(\$782,798)	\$0
Other	(\$87,863)	(\$87,863)	\$0
Total Other Activities	(\$3,568,703)	(\$3,568,703)	\$0
Total Net Revenues less Expenses	(\$8,668,494)	(\$7,489,700)	\$1,178,794
Fund Balance at the Beginning of the Year	\$12,955,720	\$12,955,720	
Fund Balance at the End of the Year	\$4,287,227	\$5,466,020	
Fund Balance as a Percentage of Revenues	6.38%	8.17%	

FY2020-21 Overview

Building the FY2020-21 Budget

Revenue Assumptions:

- Tuition built on a 2.5% enrollment decline next year, approximately 152,100 credit hours for Undergraduate and 8,500 credit hours for Graduate.
- Tuition revenues are also reflective of an Undergraduate Resident tuition rate increase of 4.55%, with other tuition rate increases being approximately 5% (as approved by the Board of Trustees on April 15, 2020)
- Online course fee revenue is based on 35% of credit hours being offered online for fall and 15% for winter and spring.
- Fee remissions are budgeted at \$7.05M to account for two quarters of reductions in state lottery funding.

Building the FY2020-21 Budget

- HECC has provided guidance that we should plan on an 8.5% decrease in state funding (PUSF) across the biennium (in effect ~17% for FY21), or \$23,890,379. This now includes a flat funding scenario.
 - Projecting a 17% decrease to the Engineering Technology Sustaining Funds (ETSF), which supports our Computer Science Division, resulting in funding of \$261K.
 - Small-Energy Loan Program is still budgeted at the original amount we expected of \$382K, as we have not heard that this program is set to get cut.
- Total Revenues for FY21 are budgeted at \$64.834M, which is \$4.6M less than the FY20 Adjusted Budget, and \$2.3M less than the FY20 Projected Actuals.

Building the FY2020-21 Budget

Expense Assumptions:

- Budgeted amount for faculty is reflective of the same pay rates as FY20. A salary freeze is in place for unclassified staff. The budget for classified staff includes the 2.1% COLA that goes into effect on July 1, 2020 under the current Collective Bargaining Agreement, as well as regular step increases.
- Includes furlough savings of 20% for one month for unclassified and two months for classified. It is also reflective of two months of salary savings for classified staff who are on Leave Without Pay (LWOP). 17 positions have been eliminated and are reflected as well.
- Student pay is budgeted at approximately the same amount as FY20, despite there being a 6.7% increase in minimum wage.
- Unemployment Insurance is budgeted at \$200K, to account for our share of the unemployment insurance that will need to be paid for furloughs and LWOP.

Building the FY2020-21 Budget

Board Directives:

- The WOU Finance and Administration Committee recommends the Western Oregon University Board of Trustees approve the FY21 Preliminary Budget as presented in the docket, with instruction to present an Adjusted FY21 Budget at the November 2020 Board of Trustees meeting that results in a positive projected ending FY21 **fund balance** as approved by the Board of Trustees. June 2020

JWM Co-Chair Rebalancing 2019-21 Biennium

- K-12 State School Fund remains at \$9 billion from a combination of General Fund, Lottery Funds, and Corporate Activity Tax, using \$400 million in Education Stability Fund resources (Lottery Funds).
- Student Success Act funding of \$170 million for early learning programs and \$246 million for programs in Statewide Education Initiatives account, including the High School Success Fund (Ballot Measure 98), are generally funded at levels approved during the 2019 session.
- **The Community College Support Fund and the Public University Support Fund are not reduced.**
- State support for the OHSU Schools of Medicine, Nursing, and Dentistry, as well as funding for the OHSU Child Development and Rehabilitation Center and the Oregon Poison Center are continued at current levels.
- Sports Lottery funding for public university sports programs and scholarships is maintained.
- Total funding for the Oregon Opportunity Grant program is maintained.

Western Oregon University FY21 Adopted Budget w/ Varying Levels of State Funding

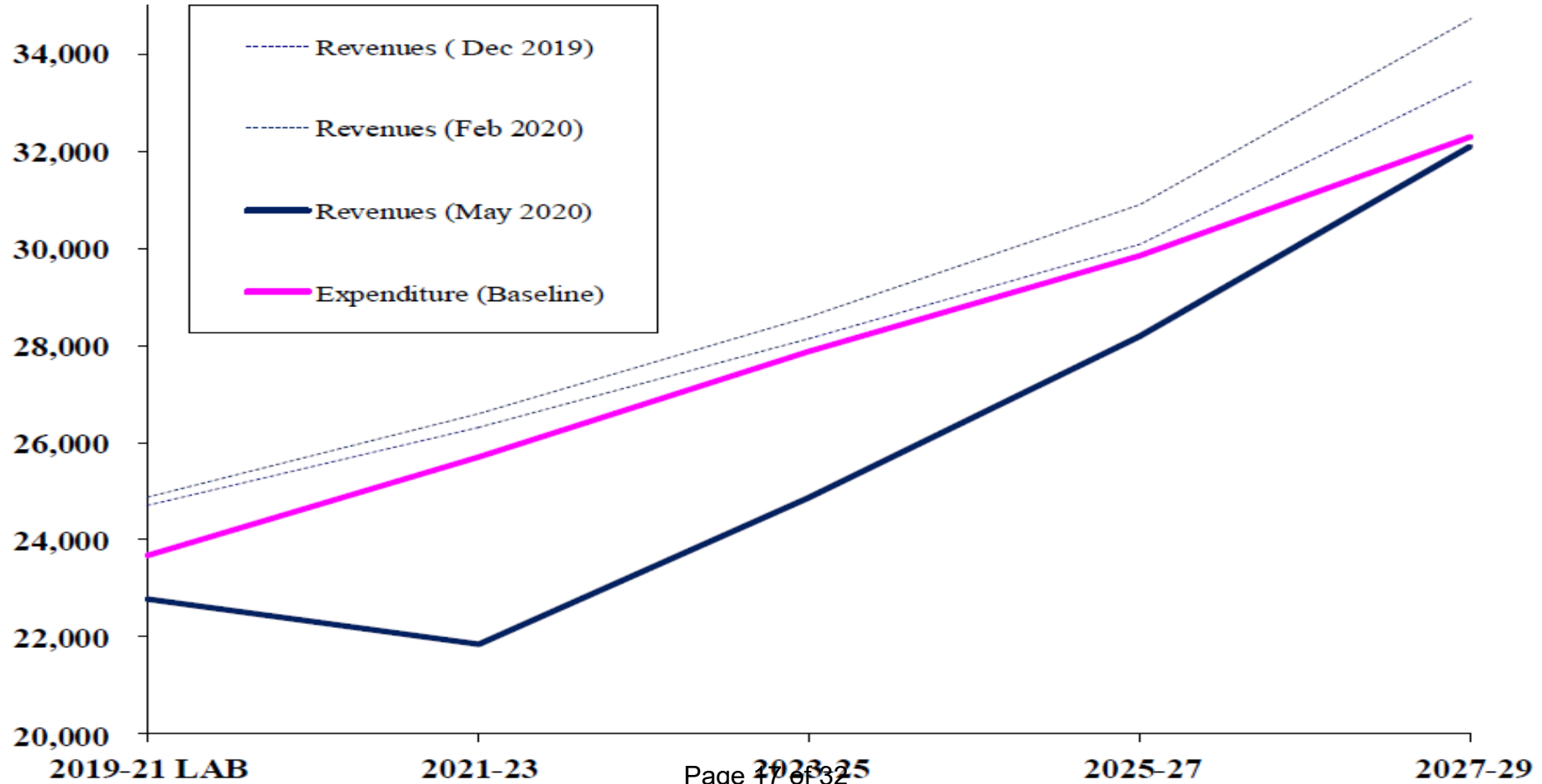
Education & General Fund				
	FY20 Adjusted Budget	Adopted (17% Cut) FY21 Budget	10% Cut to State Allocation	Full (0% Cut) State Allocation
Revenues				
Enrollment Fees	\$36,819,522	\$35,950,000	\$35,950,000	\$35,950,000
Government Resources & Allocations	\$27,512,295	\$24,533,727	\$26,580,998	\$28,967,290
Gift Grants and Contracts	\$850,000	\$750,000	\$750,000	\$750,000
Investment	\$3,659,000	\$3,000,000	\$3,000,000	\$3,000,000
Sales & Services	\$450,000	\$500,000	\$500,000	\$500,000
Other Revenues	\$100,000	\$100,000	\$100,000	\$100,000
Total Revenues	\$69,390,817	\$64,833,727	\$66,880,998	\$69,267,290
Expenses				
Personnel	\$59,239,913	\$60,186,055	\$60,186,055	\$60,186,055
Services & Supplies	\$7,640,016	\$7,525,889	\$7,525,889	\$7,525,889
Capital Outlay	\$202,691	\$209,691	\$209,691	\$209,691
Total Expenses	\$67,082,620	\$67,921,635	\$67,921,635	\$67,921,635
Net Transfers	\$3,619,069	\$3,424,329	\$3,424,329	\$3,424,329
Net	(\$1,310,872)	(\$6,512,237)	(\$4,464,966)	(\$2,078,674)

FY 2021-23 and FY2023-25



Long Term Budget

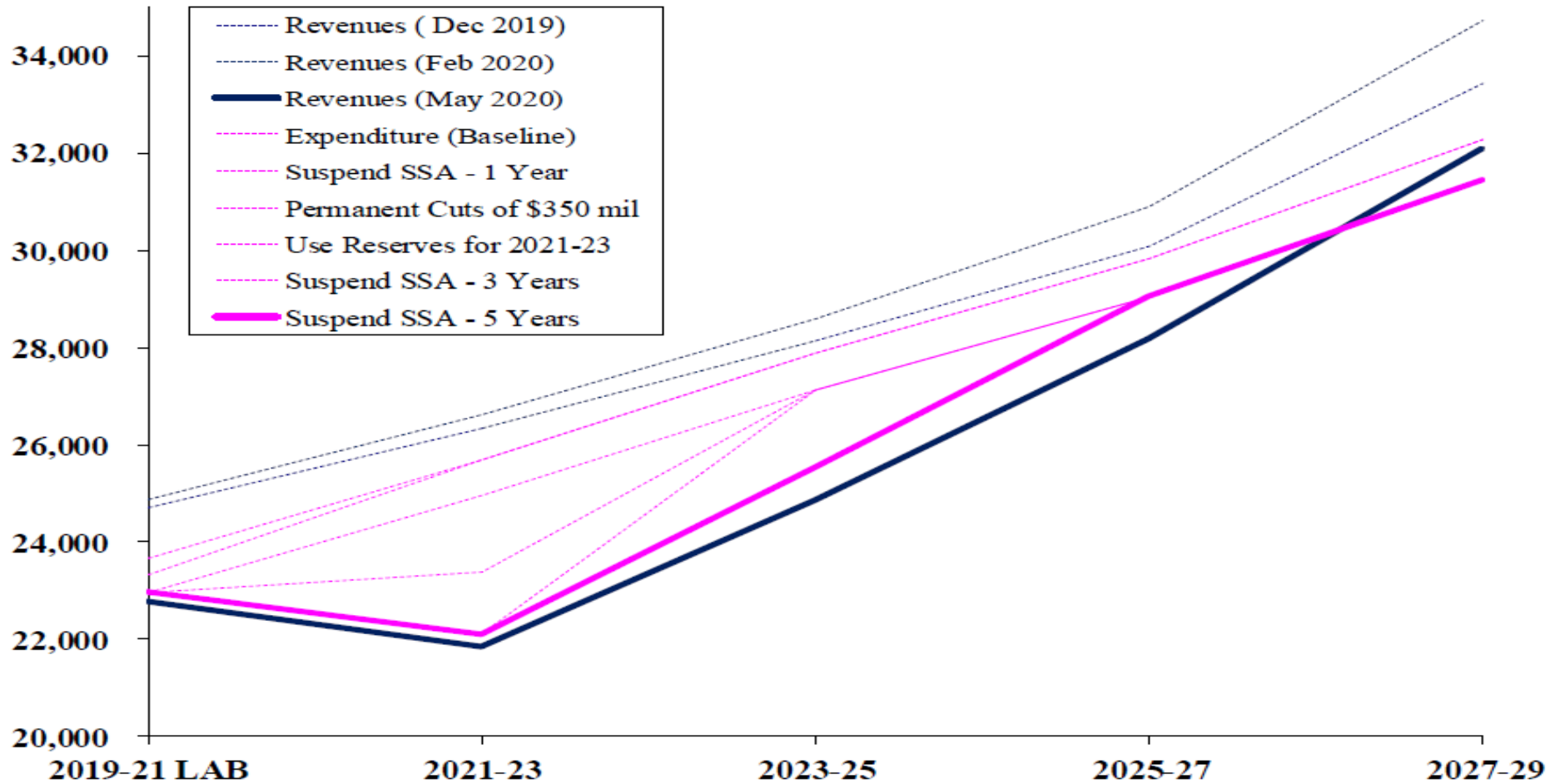
May 2020 Revenue Forecast





Long Term Budget

Suspend Student Success Act for 5 years



Alternative Cyclical Revenue Forecast (\$ millions)

		2019-21		2021-23		2023-25	
	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Baseline							
Personal Income	218.6	226	224.1	231	242.7	254.2	269.9
% change	5.8%	3.4%	-0.8%	3.1%	5.1%	4.7%	6.2%
Taxes							
Personal Income	9,909	8,089	8,790	9,032	9,477	10,315	10,995
Corp Excise/Income	927	767	314	549	608	654	716
Other Gen Fund	706	785	779	624	643	665	684
Total General Fund	11,542	9,641	9,883	10,205	10,728	11,634	12,395
Optimistic							
Personal Income	219.7	227.3	226.0	233.9	245.5	258.1	275.5
% change	6.3%	3.5%	-0.6%	3.5%	5.0%	5.1%	6.8%
Taxes							
Personal Income	9,956	8,220	9,050	9,290	9,690	10,555	11,275
Corp Excise/Income	931	780	324	565	622	669	735
Other Gen Fund	710	790	786	632	650	676	698
Total General Fund	11,597	9,790	10,160	10,487	10,962	11,900	12,708
Deviation from Baseline	55	149	277	282	234	266	313
			426		516		579

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Other Gen Fund	706	785	779	624	643	665	684
Total General Fund	11,542	9,641	9,883	10,205	10,728	11,634	12,395
Pessimistic							
Personal Income	217.4	223.7	217.2	220	228.6	236.7	253.2
% change	5.2%	2.9%	-2.9%	1.3%	3.9%	3.5%	7.0%
Taxes							
Personal Income	9,853	7,929	8,349	8,465	8,828	9,535	10,266
Corp Excise/Income	921	752	299	515	567	604	669
Other Gen Fund	702	778	755	594	605	620	641
Total General Fund	11,476	9,459	9,403	9,574	10,000	10,759	11,576
Deviation from Baseline	(66)	(182)	(480)	(631)	(728)	(875)	(819)
			(662)		(1359)		(1694)

What's been done?

Unclassified and Classified Plans

- In addition to the items outlined earlier on slide 6, which yielded over \$1.5M
- Each Cabinet member has developed plan to cut 10 and 17% from their respective units, which reflect base cuts in personnel.
- These plans were due July 24 and will form the basis for plans affecting classified and unclassified personnel.
- This work is in addition to the cuts and furloughs described earlier, which generated significant savings that have been built into the FY21 budget

Article 15: What it means

Article 15: What it means

- Article 15 of the CBA is the roadmap for the University to manage retrenchment.
- Retrenchment—the umbrella term for program reduction, program curtailment, program elimination, and financial exigency—is governed by two documents at WOU: our collective bargaining agreement with the Western Oregon University Federation of Teachers (WOUFT) and former administrative rules which we inherited from the former Oregon University System.
- Article 15 first requires the declaration of an imminent financial condition. Over the course of the past year—and summarized earlier in this presentation—there is no question that the University’s structural budget deficit (which existed prior to the conditions exacerbated by COVID) constitutes a financial condition that requires fundamental action.
- Our contract with the faculty union also requires consultation with WOUFT for alternatives. While the CBA offers that two WOUFT members meet with the president, at WOUFT’s request, the meeting was expanded to include additional WOUFT bargaining representatives.

Article 15: What it means

- The president is charged to devise a draft plan to remedy the imminent financial condition through program curtailment, reduction or elimination.
- When a draft plan is offered, WOUFT—as a contractual requirement—receives the plan to offer comments and alternatives. Under Article 15, the president issues a final plan after receiving and considering WOUFT’s alternatives.
- Once the plan is issued, Division Chairs have no less than thirty (30) days to implement the plan through explicit steps outlined in Article 15.
- In implementing any required faculty layoffs, Division Chairs first consider the Division’s academic needs, areas of specialization, and affirmative action goals. Next, Chairs organize layoffs by rank. After that, Chairs can consider seniority to perfect remaining layoffs.

Article 15 Time Line

May 20 and June 1	Met with WOUFT as per Article 15: After a declaration is made that one of the conditions described in Section 2 exists or is imminent, the President will meet with two (2) members of the Union to discuss alternatives.
July 15	Dean's plans due
Late July 2020	Dean plans transmitted to the Faculty Senate Executive Committee on the condition of confidentiality and ask for comments to inform the task force's deliberations and drafting—invite Faculty Senate Executive Committee to join Task Force for deliberation—meeting scheduled for August 4
Wednesday, July 29, 2020	Town Hall

Article 15 Time Line

Friday, August 14, 2020	Target date for draft of plan: Transmit draft plan to WOUFT (see WOU-WOUFT CBA Article 15, Section 3) and Faculty Senate Executive Committee for comment.
Monday, August 31, 2020	Deadline for WOUFT and Faculty Senate comments and alternatives to the draft plan
September	Task Force deliberations: activities are likely to include town hall, budget updates related to FY21, updates for Board of Trustees
October 16, 2020	Final Plan to Division Chairs for implementation (concurrent copy to WOUFT and Faculty Senate) See Article 15, Section 3.

Deans' Plans—Charge

In developing your plans, you should consider long term realignment of programs using the attached rubric. The program prioritization process—another input to the development of the retrenchment Plan—is designed to provide appropriate levels of support for the programs that are most critical to the future health and sustainability of the university in coming years. As noted in the rubric, attention should be given to program demand, program quality, program productivity, and future directions (i.e., HSI, workforce development, and new opportunities for degree production).

Deans' Plans—Charge

As you continue to work with your colleagues on Article 15, these categories of action might help prioritize various programs. Based on your collective assessment of the program vis-à-vis the rubric, you could recommend one of the following actions:

- Eliminate a program (e.g., major and/or graduate program) and all associated faculty
- Eliminate a program (e.g., major and/or graduate program) and all associated faculty, except those needed to contribute to service and/or minor
- Reduce NTT faculty in a program whose specialization is not needed to continue offering the program (e.g., major and/or graduate program)
- Reduce T/TT faculty whose specialization is not needed to continue offering the program (e.g., major and/or graduate program)
- Reduce NTT/TT/T faculty by finding efficiencies in course scheduling and/or reducing elective course offerings

Deans' Plans

Efficiencies:

- Adjust workloads so that all faculty members are teaching a full, CBA-compliant workload
- NTT 12-hour to 15-hour load
- Collapsing sections across multiple programs
- Raising cap sizes across multiple programs
- Reductions in non-instructional workload—for example, course releases
- Reduce 12 month faculty contracts to either 9 or 10 month contracts
- Evaluate replacement needs due to retirements

Other actions:

- Close Elementary-focused Master of Arts in Teaching program
- Close Deaf and Hard of Hearing program
- Eliminate German Studies major and Master of Contemporary Music program

You can submit questions during the townhall.

Email your question to: provost@wou.edu

After we cover the information in the presentation and questions submitted in advance, we will try to address questions submitted during the townhall.

Questions and Comments