

From: **University Communications** <no-reply@pdx.edu>
Date: Thu, Aug 27, 2020, 10:44 AM
Subject: Update on Work Share Program and 2020-2021 Budget
To: University Communications <no-reply@pdx.edu>

Dear Campus Community,

The university is committed to providing regular updates about our budget and our ongoing efforts to address financial challenges. Today we are making two important announcements involving the Work Share furlough program on campus and other significant budget actions we are taking to improve PSU's financial stability.

Work Share

The week of Sept. 6, many employees currently participating in the Work Share program will be eligible to return to full-time work. The change provides welcome relief, as many departments have been triaging work due to the reduction in staff hours. We know this created hardships across the university. Returning many employees to full-time work is critical to reducing service disruptions as we prepare for the fall term.

The Work Share program, which began on June 1, impacted approximately 1,400 employees. We are grateful for the partnership with SEIU and AAUP in the development of the program. Thank you to our employees for your perseverance and your sacrifices to support the wellbeing of the university.

The savings generated by the Work Share program, combined with key actions taken by the Oregon Legislature and a clearer picture of fall enrollment, allow the university to begin a phased removal of employees from the program. However, some employees in the university will continue participating in Work Share due to reductions in workload and financial challenges associated with the ongoing impacts of the COVID-19 pandemic.

Please keep an eye out for emails from Human Resources and the PSU Workshare Program about next steps for all employees currently in the program.

Budget Update

As a reminder, in May we alerted the campus to an anticipated revenue shortfall of up to \$30 million in our 2020-2021 General Fund. A range of measures were put in place to address the gap, including a strategic hiring freeze, a tuition increase, and a temporary executive pay reduction. In addition, the university trustees committed up to \$11 million in reserves to supplement the operating budget.

This is an unusually fluid budget year, and we warned the campus in May that the state's budget challenges could lead us to make additional cuts to the 2020-2021 General Fund budget. In addition, it became clearer that the impact of the pandemic on the auxiliary enterprises would extend into the 2020-2021 year. As a result, in

collaboration with our labor colleagues, we made the very difficult decision to implement the Work Share program.

In terms of updates, earlier this month, the Oregon Legislature voted to preserve funding for Oregon's public universities for the 2020-2021 academic year. This important action averted as much as \$18 million in additional general fund reductions. However, due to declines in enrollment over the past three years, PSU's share of the state appropriation is expected to decline by approximately \$1 million.

Enrollment is critical to the university budget. While summer enrollment was better than anticipated, fall enrollment is on track to be 6.5 percentage points lower than last year's enrollment. If the current trend continues, the lower enrollment and reduction in our state allocation will necessitate an additional \$3.5 million in reductions in our General Fund budget.

Auxiliary Services such as housing, parking, athletics and the University Place Hotel face significant additional reductions in revenue as well, and we are updating our forecast for the year.

Budget actions

These are exceedingly challenging times. Meeting the moment requires us to work together and continuously assess our situation and adapt to it. We have determined that austerity measures put in place earlier this year must continue and that there is now a need to implement additional measures. Difficult as they are for individual employees and our campus as a whole, these steps are important to the financial wellbeing of the university.

Additional austerity measures

- The 2020-2021 General Fund budget was initially set at the same level as the 2019-2020 budget, meaning that any cost increases were expected to be covered without additional resources. All divisions must now further reduce their General Fund budget by an additional 1.1 percent, and
- Unrepresented/Unclassified employees will not receive increases in compensation for the current fiscal year.

Continuing austerity measures

- Some employees will continue in the leave without pay with extended benefits and Work Share programs,
- The strategic hiring freeze that was initiated in February will continue, and
- Pay reductions for senior administrators will continue.

It is possible that we could face additional financial challenges. Without federal COVID-19 support for state budgets, the Legislature anticipates dramatic shortfalls in the 2021-2023 biennium. Impacts could come sooner if the September revenue forecast is unfavorable. We will share more information as soon as we can.

We continue to be guided by our commitment to protect our workforce to the greatest extent possible and to preserve services critical to student success. We are living in unprecedented times and the resilience of our university community — faculty, staff and students — is inspiring. We look forward to continuing to work together to overcome any new challenges and to celebrate our achievements.