

May 6, 2020

Dear Campus Community,

As we near the end of FY20 in June, I wanted to update you on the University's actions we needed to balance this year's budget. Last month at the Board meeting, we presented financials through the end of February 2020. This management report can be found [here](#). The highlights include:

- Gross student fees & tuition are over \$2.4M less than the prior year due to an approximate 5% decrease in fall and 6% decrease in winter term enrollment.
- Spring enrollment is down 5.8%, so we can expect this shortfall in tuition to grow.
- Personnel expenses are over \$2.8M more than last year. Key factors include PERS increases, the final window retirement installment and salary increase for employees.
- S&S expenses are tracking about \$200,000 less than last year.

As shown, 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 remain the same: a shortfall in state funding, higher salaries, increased PERS expenses and depressed tuition and fee revenue due to continuing enrollment declines.

On April 1, we announced personnel actions to reduce overall staffing in response to the downward trend in enrollment and the impact of COVID-19 on university operations. The university eliminated vacant classified and unclassified positions, laid off some classified employees, non-renewed some unclassified employees, reduced FTE for select administrative personnel, and froze all unclassified salaries for FY2020-21. Combined these changes will contribute nearly \$2M in savings for next fiscal year.

***Our goal is to retain as many employees as possible.*** With that, we are working with both our faculty (WOUFT) and classified (SEIU) unions, as well as the Oregon Employment Department's Workshare Program. We are leveraging state and federal unemployment benefits to retain as many employees as possible. On May 6, 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)-(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 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 that 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 would be a part of the Oregon Employment Department Workshare Program. These employees would receive appropriate unemployment insurance, but, because it is a Workshare Program, it would be 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 would 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. Supervisors will contact classified employees by May 8 to inform each employee whether or not they are in the LWOP program described at (1)(a) above or in the furlough program described here at (2).
- (3) For 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 would be a part of the Oregon Employment Department Workshare Program. These employees would receive appropriate unemployment insurance, but, because it is a Workshare Program, it would be WOU's responsibility to file the paperwork and manage the process. Additionally, for the twenty (20) 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) The University will finalize an equitable solution for grant-funded employees, employees employed at 0.85 FTE or less in the normal course, and 9-, 10- and 11-month employees.
- (5) At this juncture, without a one-year deal, the University continues to negotiate with the Western Oregon University Federation of Teachers (WOUFT), the faculty's union. The University website on faculty bargaining can be found [here](#) with the latest updates.
- (6) 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 reduction/elimination/curtailment, a version of retrenchment. University is **not** declaring financial exigency at this time. This process will

allow stakeholders to engage in plans to finalize appropriate reductions and eliminations in Academic Affairs and the faculty. As there are critical procedural requirements to this declaration, there will be more information on this process in the coming days and weeks, including the formal declaration of program reduction/elimination/curtailment.

- (7) I have asked Board Chair Betty Komp to work with the Board to reduce my salary to its **2017-18 level** for FY2020-21.

Going forward, these actions will be essential features of the comprehensive FY21 budget that the Board of Trustees will review at its June meeting. At the April meeting, the Board approved a resident undergraduate tuition increase of 4.55%, as well as all other tuition rates. These rates, along with an assumed 2.5% reduction in enrollment, will be key determinants in developing the FY21 budget. This week, we will finalize the savings from the actions noted above and we will begin the process for program reduction/elimination/curtailment as per the requirements of the faculty collective bargaining agreement and the former administrative rule.

With many of these changes happening quickly, I ask for your patience as we provide answers to your questions. This week, Human Resources will be meeting with supervisors to provide additional details and next steps.

With all our collective resolve, I have no doubt that Western will weather this financial storm.

Sincerely,



Rex Fuller, President