January 23, 2019

Dear Colleagues:

I am writing to update you on the budget process for FY2020. I know many of you want to get started on planning.

As we plan our budget allocations for next year, it is worth keeping in mind that there are three major factors that shape our budget process:

- The biennial State budget allocation. The Governor and Legislature are currently developing a budget bill for the biennium that will start in July 2019. This budget is typically not settled until April or May, but initial proposals are out now.
- Tuition. Tuition is a function of enrollment, student level, student type, and tuition prices.
- Mandated cost increases. These include increased operational costs as well as personnel costs, including funding PERS obligations.

While we are committed to continuing to enhance other revenue sources such as funded research and advancement, these three categories reflect the chief drivers of our budget.

The Budget Model Working Group that I charged in October of 2018 (https://www.pdx.edu/academic-affairs/sites/www.pdx.edu.academic-affairs/files/Budget%20Working%20Group%20Charge.pdf) has been doing an intense study of the budget process within Academic Affairs for this year and going forward. The Working Group will deliver recommendations within the next month, including development of a revised financial planning process going forward.

In the meantime, we need to begin unit level planning for FY2020. Notwithstanding the uncertainty about the state budget proposal and our enrollment for next fall, current budget projections indicate that any increase in funds will not be adequate to cover our mandated cost increases. Therefore, we need to start planning for how to handle projected shortfalls next year. Currently, we estimate overall cost increases of 5.9%. Current indications are that the overall budget increase is likely to be less than 4%. Informed by these projections, and to prepare for changes in the budget landscape, I ask each unit to begin developing planning for two scenarios: shortfalls of 2.5% and 4%.

Your scenarios should be supported by a Strategic Planning Narrative that provides context for your planning decisions (a modified version of the Enrollment Plan and Strategic Enrollment Narrative). Please include the following topics in your narrative:

- how your plan reflects unit and institutional strategic goals; for units with undergraduate programs, please address our stated priorities for Student Success of increasing undergraduate retention and graduation rates;
- how you plan to use resources to sustain 2017-18 enrollment levels;
- any use of carry-forward funds that may bridge to permanent reductions.

Despite our current budget challenges, we must keep our eyes on the longer-term goals of the institution. To support these efforts, I intend to make available a Provost’s Investment Fund of at least $500,000 to enable units to move forward in achieving institutional and unit strategic goals. Priority will be given to
plans that develop or enhance revenue-generating activities that align with strategic goals. Some considerations for these funds include:

- development of online Masters degree programs or post-baccalaureate certificates that serve to increase student access and opportunity;
- enhancement of significant research activities that impact broad faculty research interests;
- increased effectiveness of administrative activities.

Please include requests for these funds in your Strategic Planning Narrative, along with a budget, timeline, and projected impact of the funds.

Diane Xiong, Fiscal and Planning Officer, will send you:

1. a Strategic Enrollment Plan template with figures based on OIRP’s projections
2. a template for your Strategic Planning Narrative
3. a Resource Plan template to outline your Provost Investment Fund requests
4. a Scenarios template

Please have your Strategic Enrollment Plans and Strategic Planning Narratives submitted to oaafpa@pdx.edu by February 28. Your Scenarios and Resource Plans should be ready for discussion by March 15.

Up-to-date information will be available on OAA’s IPEB landing page throughout this process. (https://www.pdx.edu/academic-affairs/integrated-planning-enrollment-budget)

I am confident that the collegial and collaborative culture of PSU will enable us not only to weather this shortfall but to survive it with increased focus on our values and strategic goals. I can't imagine a better team with which to get this done.

Best,

Susan Jeffords, Ph.D.
Provost and Vice President for Academic Affairs