

Docket Item:

COVID-19 Institutional Financial Impact

Summary:

COVID-19 has had broad impacts across all sectors of society and higher education is no exception. This docket item attempts to begin to quantify the potential financial impacts on institutions. These impacts are based on predictions related to both enrollment decreases, leading to tuition and auxiliary revenue decreases, and increased costs related to cleaning campuses and providing support to hold courses online during this period of social distancing. Impact estimates will be refined as we convene a workgroup related to the financial impacts of COVID-19 and collect information based on individual financial impacts at each institution.

General Estimate of Impacts:

HECC staff has calculated an estimate of the potential impacts from COVID-19, based on the following parameters: a 30% drop in enrollment, a 50% decline in spring auxiliary revenue, a 30% decline in annual auxiliary revenue, a 5% increase in instruction/support costs and \$30 per person in response costs.

Cost Categories	Potential Impact	Context
Tuition/Fee Revenue - Reduced Enrollments	\$198 - 620 million	Each 10% drop in enrollment = \$65M (spring) or \$202M (year).
Auxiliary Revenue Impact - Reduced Activity	\$106 - 214 million	Each 10% drop in auxiliary revenue = \$21M (spring) or \$71M (year).
Additional Cost of Course Delivery and Student Support	\$27 - 87 million	Each 1% increase in cost = \$6M (spring) or \$18M (year).
General Costs of Cleaning, Overtime for Personnel	\$9 million	Each \$10 spent per person = \$3M.
Other Costs - Detailed	\$0.2 - 0.9 million	
Total Potential Financial Cost	\$340 - 930 million	

The parameters used above do not represent expectations. Rather, they are somewhat random due to a significant lack of clarity in the ultimate experience. In order to refine these estimates, we have asked all seven public universities and seventeen community colleges to submit detailed impacts related to their campus by April 7 and are convening a financial impacts workgroup for each sector. The initial meeting for the university financial impacts workgroup will be Tuesday, April 14. The community colleges impacts workgroup will be Thursday, April 16. We should have a better understanding of the impacts on each institution after mid-April as the deadline for students to withdraw and receive 50% of their tuition back will have passed.

It is worth noting that the federal COVID-19 stimulus bill does include nearly \$14 billion to be distributed to higher education institutions, largely on an FTE basis. These funds will be distributed via the normal financial aid disbursement protocol and will therefore not flow through the HECC. Early estimates show that Oregon's higher education institutions (including both public and private) may receive around \$120 million in these funds, although the exact amounts are still to be determined.

It is also worth noting that many institutions have reduced their spring term mandatory fees to account for the lack of many on-campus services, which both decreases their costs, to some extent, but also decreases their revenues.

Staff Recommendation:

For discussion purposes only.