



EASTERN OREGON  
UNIVERSITY  
PRESIDENT'S OFFICE

February 21, 2014

Colleagues,

Now that we have passed the midway point of winter term, I am providing an update on our enrollment and fiscal conditions, and highlighting the impact they have on our financial sustainability plans.

At the conclusion of fourth week—the date we submit our official enrollment data for the term—we reported, as compared to fourth week of 2013 winter term, a 5.1 percent decline in headcount (from 3,973 to 3,769) and a 10.3 percent decline in student credit hours (from 41,064 to 36,826). As you may recall from my November 14 update regarding our fall 2013 fourth week numbers, we also reported lower enrollment than fall 2012; however, during this term, the rate of decline has increased.

It is also important to understand the changes in our enrollment across all of our modalities. The following charts provide these shifts.

**All Campus**

	Winter 2013	Winter 2014
Headcount	3,973	3,769
Credit Hours	41,064	36,826

Difference	% Change
-204	-5.1%
-4,238	-10.3%

**On-Campus**

	Winter 2013	Winter 2014
Headcount	1,865	1,618
Credit Hours	19,112	15,888

Difference	% Change
-247	-13.2%
-3,224	-16.9%

**Online**

	Winter 2013	Winter 2014
Headcount	2,623	2,532
Credit Hours	18,528	17,438

Difference	% Change
-91	-3.5%
-1,090	-5.9%

**Onsite**

	Winter 2013	Winter 2014
Headcount	536	725
Credit Hours	3,424	3,500

Difference	% Change
189	35.3%
76	2.2%

A data definition I must point out is in regard to the manner in which dual credits are granted through high schools. In the past, these numbers, both in terms of headcount and credit hours, were nominal and not extensive. With the advent of Eastern Promise and the statewide mandate for high schools to increase the number of dual credits granted, it was decided to categorize this enrollment as “onsite” so as not to inflate on-campus numbers. As you see from the onsite chart above, there is an increase of 189 students, and a majority of these are high school students participating in Eastern Promise or other dual credit pathways.

Across our University we have had many discussions as to why we are seeing enrollment decreases. As others and I have pointed out, there is no single answer and no single solution. Myself, all of the vice presidents and deans are strongly committed to improving recruitment and retention, and indeed, we should all focus on building sustainable enrollment. Our trends over the previous four years show record numbers of incoming students, and as a consequence, record numbers of graduates. These were spurred on by larger than normal freshmen classes, as well as higher than average numbers of transfer students. The reasons for these increases are many, ranging from the economy to available federal funding. As long as we continue with high incoming classes (first-time freshmen and transfers), we can sustain enrollment, even with high graduating classes.

Two years ago, while we met our overall new student projection, our first-time freshmen numbers were lower than projected by roughly 25 students and the balance was made up in transfer students. This year, as mentioned in my November enrollment update, our number of first-time freshmen (371) was well below our goal of 425, and we also had a significant decline in transfer students. This lower than anticipated incoming class, coupled with a 63 percent retention rate and large graduating class has created a significant decline in our total enrollment.

Beyond the numbers and as we look to attract new students, it is important to also note that the traditional areas in which we have recruited have seen a decline in graduation rates, and our community college partners have seen downturns in their enrollment as well. In addition, changes in federal regulations regarding Pell eligibility, student loans and satisfactory academic progress have created financial hardships for many of our current and potential students.

We have examined and revamped many of our recruitment strategies. Through the creation and implementation of an Enrollment Management Team, we have developed new tactics, processes and procedures that are assisting with moving students through the enrollment pipeline from application to admittance to matriculation. As mentioned in my November memorandum, we traditionally have a very robust application pool. Our challenge, along with most other regional public universities nationwide, has been in converting applicants into enrolled students. This is our current focus, and we all play an important role in these efforts across the University.

While getting students to attend Eastern is the first step, ensuring their progression to graduation is equally important. To analyze and improve our efforts in this area we have initiated a Retention & Persistence Task Force that has delved into the various issues and circumstances hampering our retention rate, measured by the percentage of first-time freshmen who return the following year, as well as the persistence of our students, measured by those continually making progress toward their degree and ultimately graduating. The efforts of those on this task force will shape and form strategies and programs that will be implemented in the upcoming year. Their recommendations will be forthcoming in early March and we have already responded to suggestions that are more immediately addressable.

All of these efforts will not fix or alter our current challenges. However, over the course of the next several years they will have an enormous impact, and I can see that we are experiencing some positive early returns from these efforts that will indeed impact our fiscal situation in the near term. We must remain diligent in both recruiting and retaining students, and as this year’s data demonstrates relative to our dropping enrollment on and off campus, we need to pay particular attention to how our on-campus programming serves our on-campus students. While our online

programs are important to our mission and to the state, our campus environment provides the foundation for ALL of our efforts, on and off campus. Without a robust curricular and co-curricular campus life, we will continue to face challenges with dropping on-campus enrollment. As we move forward, I will charge our various units and work groups to focus on developing specific strategies that will enhance our ongoing efforts to revitalize our on-campus enrollment, while preserving the key strengths of our online and onsite programming and enrollment. Especially for many first generation students, we know that out-of-classroom experiences are critical for recruitment as well as retention. We have a new dean of Student Success & Engagement joining us soon who will be working on augmenting our co-curricular programming to be a draw for students who desire a university experience that is campus-based.

To summarize, our enrollment declines and the resulting drop in student credit hours across modalities are having a critical impact on our efforts to maintain fiscal sustainability.

We are seeing the planned reductions in expenses articulated in our Sustainability Plan Update from last spring come to fruition. For example, administrative faculty furloughs are happening now and will result in the savings outlined in the plan, and we are currently on track to recognize the savings outlined in the cancellation of low enrolled courses and the connected management of academic faculty instructional load. As of the close of Period 6 (December), our adjunct pay has dropped 40 percent and our overload pay has dropped 20 percent compared to the same time last year. While those savings are encouraging and are on pace with our projections, our current cost structure, driven largely by our significant enrollment decline, is resulting in continuing spending beyond our revenues and the resultant continuing burn of fund balance.

At the present time, we use fund balance as our key fiscal indicator of financial health. Our FY13 year-end fund balance was 1.6 percent and our current projections for FY14 show us ending this year with a -1.9 percent fund balance. I must also point out and remind everyone that last year an accounting policy change at the system level dealing with accounts receivables adjusted our fund balance downward by over 4 percentage points. While fund balance is important, it is more important for us at this time to measure our efforts in revenues vs. expenses.

As mentioned above, we have achieved a great deal in savings based on our efforts and projections, but due to enrollment changes, we have seen sizable reductions in our revenues. A very rough estimate to use is that one percent decline in student credit hours equates to \$200,000 in lost revenue (for reference, one fund balance point is \$300,000). While we have seen the savings projected in our Sustainability Plan Update, these are offset by the declines in revenue, and because many of our costs are fixed, we can only work at the margins at this time. These efforts will keep our cash flow positive in the near term, but the long-term solution must be further examination and rebalancing of our revenues and expenses.

Last week, we had two important meetings to discuss our fiscal challenges where we modeled and presented three scenarios starting in FY15 and continuing through FY18. Each model was based on varying levels of enrollment, and each scenario demonstrates a continual and significant burn of fund balance if our cost structure remains unchanged. Various reports including the Delaware Study and Chancellor's Office review clearly demonstrate that our costs are exceeding revenues and we must reverse that trend.

The first meeting, per the AAP Collective Bargaining Agreement, was with the executive leadership team of AAP to formally notify them of a fiscal situation that may require program reduction and/or elimination. This meeting was informative on many counts, and we have stated our full intention is to work with them during future discussion and planning phases. As part of the AAP Collective Bargaining Agreement, they have the opportunity to provide an official response within the next several weeks and I look forward to their thoughts. In addition, we had a very robust discussion and an excellent exchange of ideas with the Budget and Planning Committee about our fiscal challenges.

Over the next several weeks, we will continue to build various models and collect data and feedback from AAP, Budget and Planning and others. In addition, we anticipate the Academic Futures Task Force will provide recommendations to assist the provost in formulating a larger set of academic plans to drive resource allocations. Concurrent with this process, we will be leading a similar administrative planning and resource allocation process.

Prior to the end of winter term we will hold a University hall meeting, tentatively set for March 17 at 3 p.m., to discuss and present the various models, have the various task forces report their recommendations, and set the stage for a robust comprehensive planning horizon that will take place throughout spring term. It is our hope that by initiating these discussions now, we will be able to gather as much input and feedback as possible.

It is also our goal throughout the entire process to provide as much information as possible and be accessible to answer any questions you may have. I know that we, as a University community and individually, are facing many challenges and are working and living in very ambiguous, stressful times. We are facing changes in our governance structure, a new statewide higher education framework, fiscal challenges, shifting and changing demographics of our students, enrollment declines and a myriad of other concerns.

Through our planning process, we cannot hang on to the status quo. The environment has changed significantly and will continue to, based on many factors, some that are within our control but also many that are not. It isn't easy for any of us to cope and deal with the stress this brings. I hope that by working together we will bring clarity to our challenges and position our University for continued success.

In the coming months, the provost and I will need to make some very difficult decisions. We are committed to making them in the best interest, based on the information at hand, of long-term viability for our University and service to our students. In order for this to occur, it is our desire that you will be active in the process and supportive of our efforts. To that end, I, along with Provost Adkison and/or Vice President Moore will be available in the President's Office each Monday from 7:30-9 a.m. to field your questions and discuss these issues with you.

Thank you all for what you do for Eastern and your continued dedication to our students.

Very Respectfully,

Bob

Bob Davies  
President