



STRATEGY IN A TIME OF UNCERTAINTY

BY WILLIAM KENNEDY



As part of the capstone course for the college's MBA program, a team of students from the Center for Sustainable Business Practices were initially charged with developing a 10-year financial strategy tool for Lane Transit District (LTD). COVID-19, however, created a real-time stress test for the model the team built. Fortunately, the

tool was robust enough to visualize short-term financial emergencies, even though it was originally built for long-term projections.

The project quickly pivoted to forecasting the impact of the virus on payroll taxes, the primary source of revenue for the large transit agency. The team found that, spurred by surging unemployment related to the COVID-19 pandemic, LTD could face a budget shortfall between \$6 and \$15 million in the fiscal year ending June 2021, according to the tax revenue regression model developed by the students.

"In the middle of developing that tool we had such an important case study to illustrate it: an unprecedented economic



CREATING IMPACT
 Undergraduate and graduate students also took on a range of impactful projects as part of the "Resilient Leadership for Social Impact" course. More than 30 students engaged in consulting projects for such local nonprofits as BRING Recycling, Friends of Buford Park, and Food For Lane County to help these organizations overcome challenges relating to COVID-19 and equity and inclusion.
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and public health situation," said MBA student Rachel Cohen. "In all honesty, it was a lot of pressure."
 With the tool, the MBA students established a baseline for the economy if it had continued on its normal trajectory. They then compared that baseline to possible outcomes related to the COVID-19 pandemic.
 Gathering the most up-to-date data at the time from the federal government, national news sources, and unemployment projections from economists with the state government, the team developed three possible scenarios for economic recovery in Lane County in the fiscal year

ending June 2021.
 The best-case scenario predicted a v-shaped turnaround, and the worst-case scenario reflected a deep downturn and prolonged recovery. The third economic outlook included many peaks and valleys.
 Based on current data, though, those forecasts have changed, bringing both good and bad news for the transit agency.
 "The levels of unemployment haven't been as steep as initially projected," Cohen explained.

"It looks a lot more like our best case, but we're not seeing a v-shaped recovery. We're looking at something that's much more prolonged."
 In addition to Cohen, MBA students contributing to the development of the tax revenue regression model for LTD were Ashton Roberts, Jason Foldi, and Ema Alspaugh. LTD partnered with the team through the Sustainable City Year Program, an innovative UO program that pairs students from business, architecture, planning, law, and more with public-sector consulting projects.

Founded in 1970, Lane Transit District has an annual budget of approximately \$43 million. LTD's daily ridership is roughly 37,000 people throughout Lane County. In May 2020, the transit agency received \$25 million in emergency funding from the federal government as part of the CARES act for COVID-19-related economic relief and recovery. Outside of payroll taxes, other sources of LTD funding include grants and daily bus fare.