

University of Oregon Financial Briefing Growth Initiative

Tuition and Fee Advisory Board
November 15th, 2019

Agenda

- Cost and Revenue Dynamics
- The Budget Gap
- Campus Growth Initiative

UO Budget Structure

E&G Funds

- *Tuition revenue*
- *State Appropriation*
- *F&A Return*
- *Overhead revenue*
- *Fee revenue, interest earnings*

School & College
Budgets

Central Admin
Budgets

Institutional Expenses
(Debt, assessments,
utilities, leases)

Other Funds

- *Grants and Contracts revenue*
- *Auxiliary Revenue*
- *Service Center Revenue*
- *Designated Operations Revenue*
- *Restricted gifts*

Grants & Contracts

Plant Funds

Auxiliary, Service Centers,
and Designated Ops
Funds

Restricted Gifts

University Resources

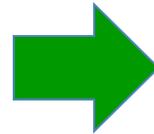
FY2019 Major Revenue Streams

(E&G Fund)

<i>State Appropriation</i>	\$74.4 million
<i>Resident Net Tuition</i>	\$107.5 million
<i>Non-resident Net Tuition</i>	\$278.6 million

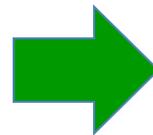
E&G Fund: Revenue and Cost Dynamics

Costs



79% Invested
in People

Revenue



79% Tuition &
Fees Funded

Summary – Major FY2020 E&G Fund Cost Drivers

Cost Driver	FY20 Cost	Notes
Faculty, Staff and GE Salary and Wages	\$10.6 million	E&G employee increases per existing collective bargaining agreement for approximately 1,402 faculty. Also includes estimates of increases for 665 classified staff, 1,272 graduate employees, and approximately 1,034 unrepresented staff. Figures are for employees paid with E&G funds only.
Medical Costs	\$1.9 million	Assumed annual increase of 3.7%
Retirement Costs	\$7.1 million	Based on new PERS rates released by PERS board in fall 2018
Institutional Expenses	\$1.0 million	Increases related to utilities, insurance, debt for academic buildings, assessments, and leases
Strategic Investments	\$2.0 million	Allocated via strategic investment process
Minimum Wage Increase	\$1.0 million	Increases per State of Oregon minimum wage increase to \$11.25/hour
<i>Total Projected Cost Increases</i>	<i>\$23.6 million</i>	

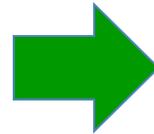
Cost Dynamics – Personnel Costs

Cost Driver	FY20 Cost Increase	FY20 Percentage Increase	Notes
Faculty, Staff, & GE Salary and Wages	\$10.6 million	2.5%	<ul style="list-style-type: none"> E&G employee increases per existing collective bargaining agreement for approximately 1,402 faculty Also includes estimates of increases for 665 classified staff, 1,272 graduate employees, and approximately 1,034 unrepresented staff Figures are for employees paid with E&G funds only
Medical Costs	\$1.9 million	3.7%	Assumed annual increase of 3.7%
Retirement Costs	\$7.1 million	13.0%	Based on new PERS rates released by PERS board in fall 2018
Minimum Wage Increase	\$1.0 million	0.2%	Increases per State of Oregon minimum wage increase to \$11.25/hour

- Total Personnel Related Cost Increase: \$20.6 million
- Equates to 4.8% annual increase

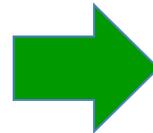
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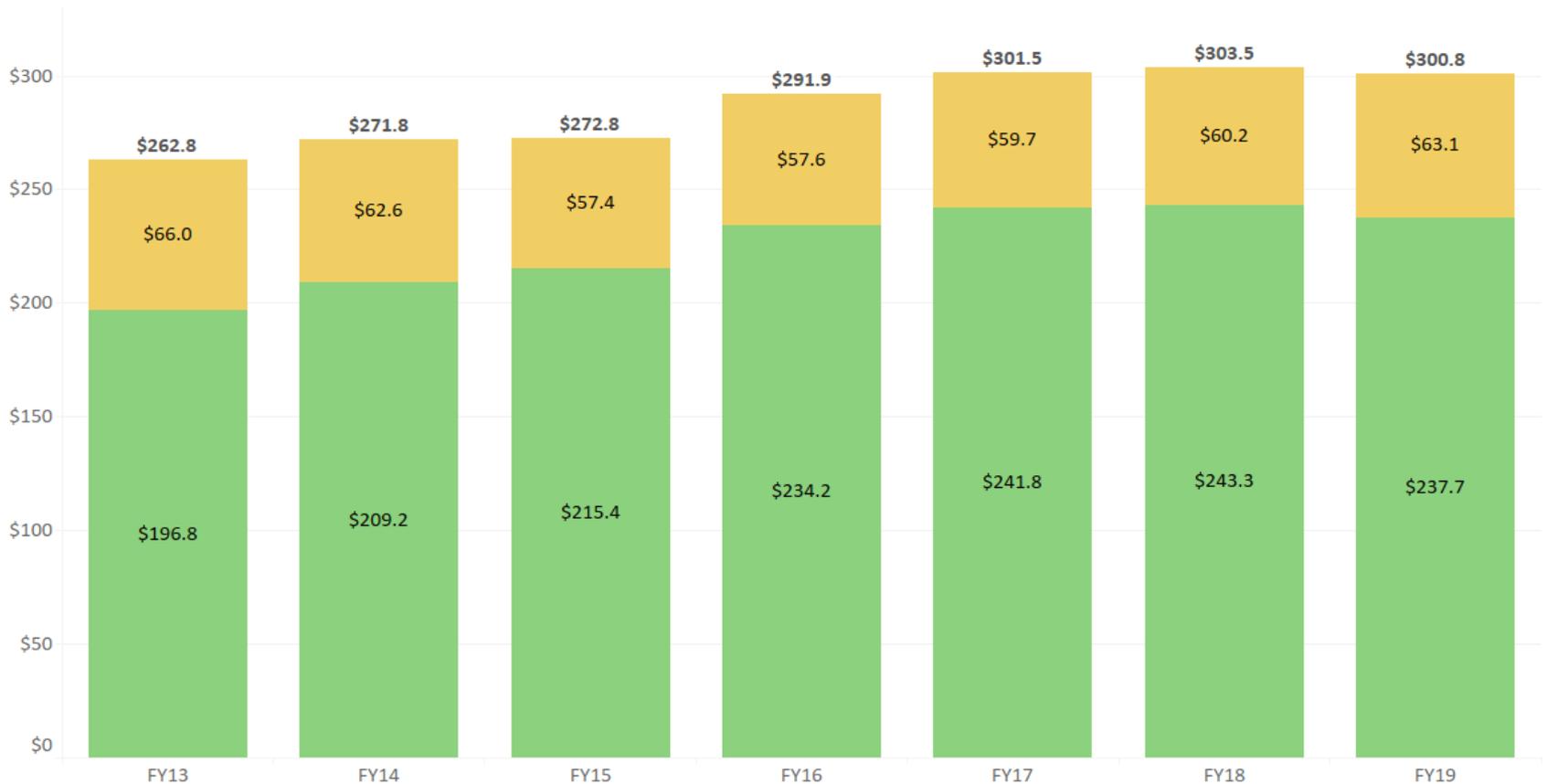
Tuition Revenue

In FY19, 79.0% of net tuition came from non-resident students

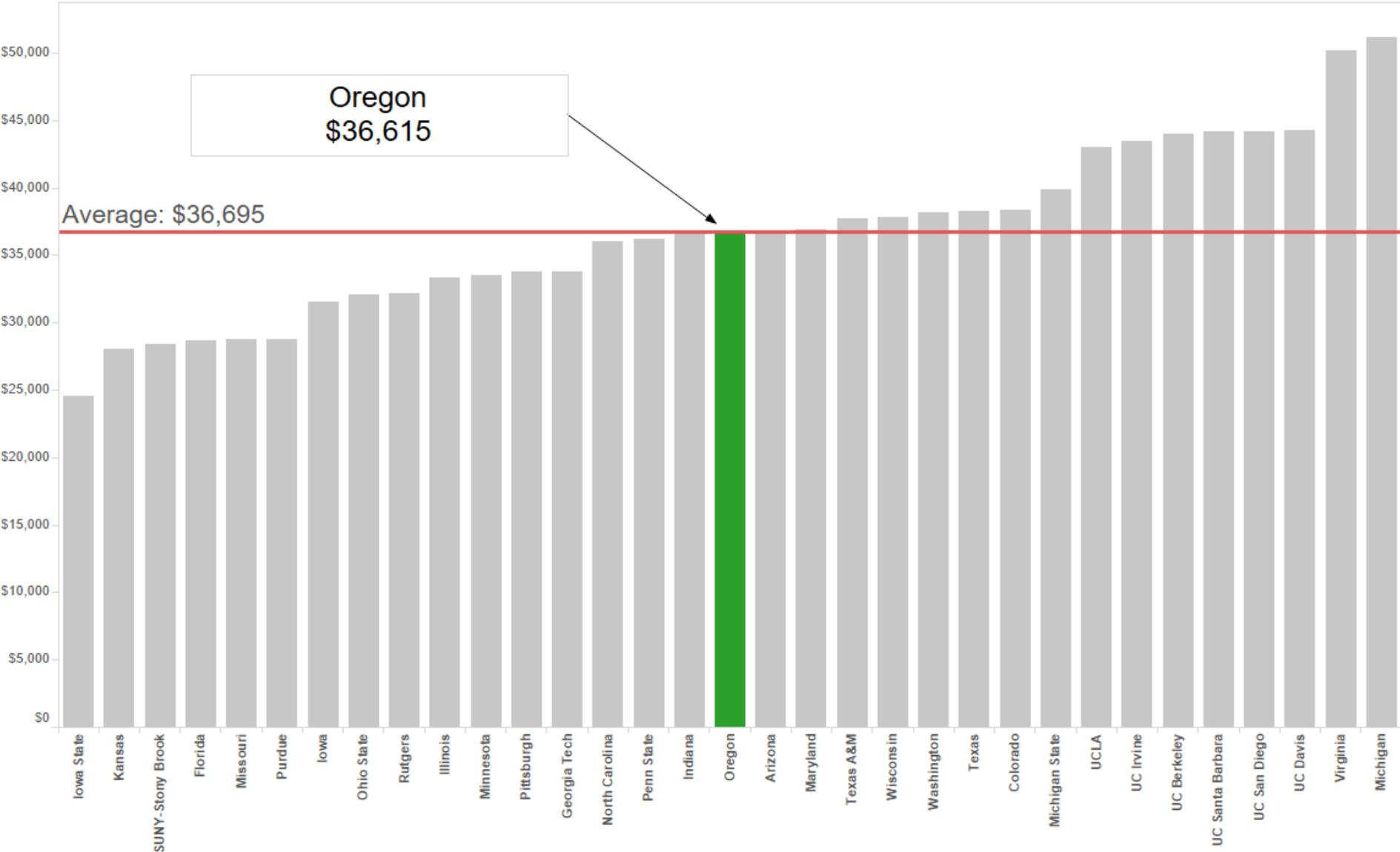
Undergraduate Tuition Revenue and Enrollment

Residency
Resident
Nonresident

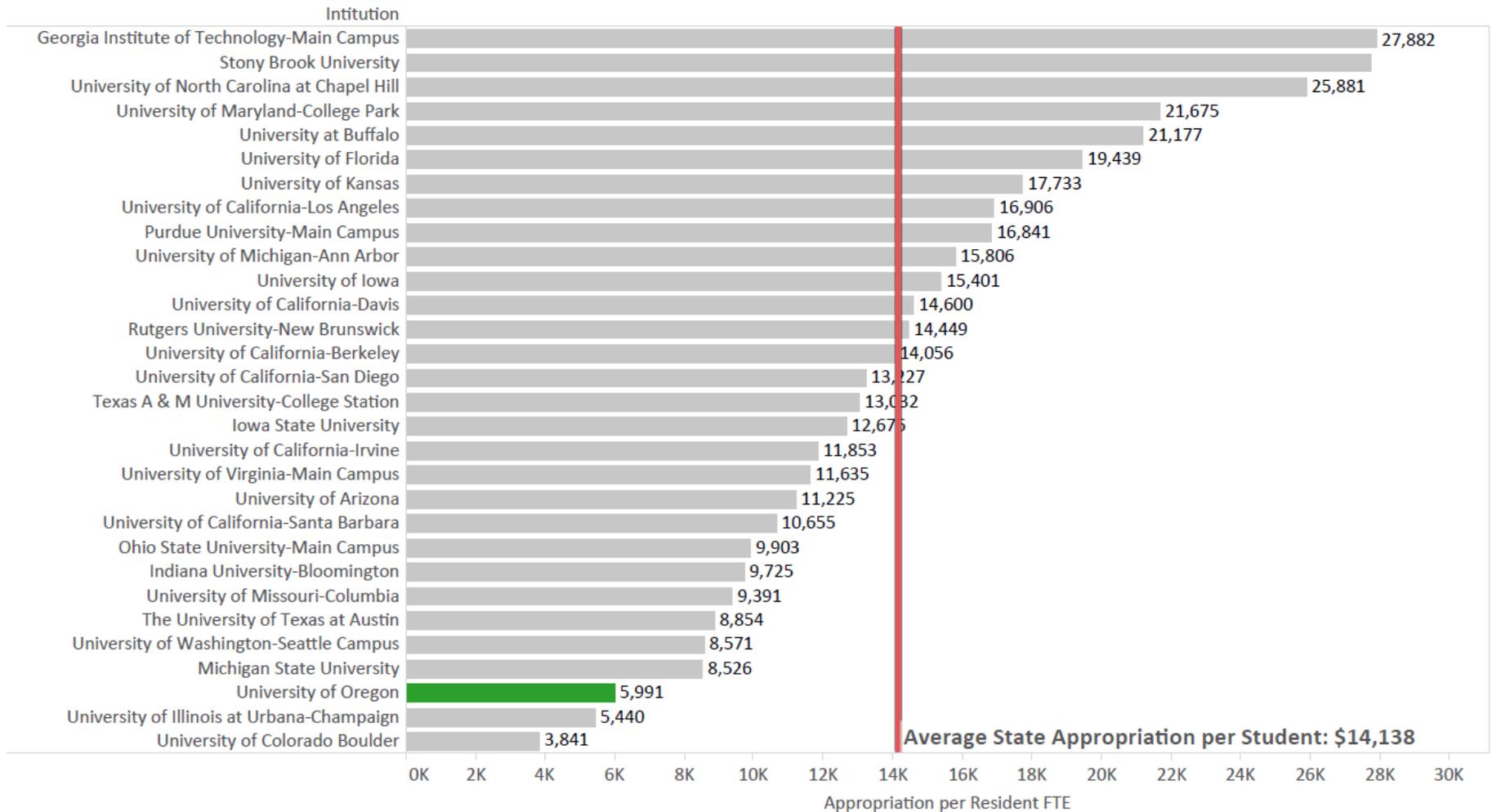
Net Undergraduate Tuition Revenue (in millions)



2019-20 Nonresident Tuition and Fees AAU Publics



State Appropriations per Resident Student FTE among AAU Publics (FY2017)



Notes:

1. Penn State University and University of Pittsburgh are excluded from the table because Pennsylvania has an alternative state funding mechanism. University of Wisconsin and University of Minnesota resident FTE counts are not available.
 2. The Student FTE corresponds to a Fall term Student FTE
- Source: IPEDS Finance (FY2017) and UVA State Appropriation Survey (FY2017) and University of California System Office reports.

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Tuition Revenue

For each 1% increase in undergraduate tuition, overall revenue increases*:

Resident	\$750k
Non-resident	\$2.5M

*Totals account for fee remissions and summer revenue

Tuition Revenue

- Annual E&G Cost drivers likely to be around \$17 million - \$24 million

Non-resident Tuition Rate Increase

Resident Tuition Rate Increase	Percent Increase <i>(Per Student Annually)</i>	2.0% <i>(\$687)</i>	2.5% <i>(\$876)</i>	3.0% <i>(\$1,077)</i>	4.0% <i>(\$1,479)</i>	5.0% <i>(\$1,923)</i>
	2.0% <i>(\$209)</i>	\$6.5M	\$7.8M	\$9.0M	\$11.5M	\$14.0M
	3.0% <i>(\$319)</i>	\$7.3M	\$8.5M	\$9.8M	\$12.3M	\$14.8M
	4.0% <i>(\$439)</i>	\$8.0M	\$9.3M	\$10.5M	\$13.0M	\$15.5M
	5.0% <i>(\$570)</i>	\$8.8M	\$10.0M	\$11.3M	\$13.8M	\$16.3M

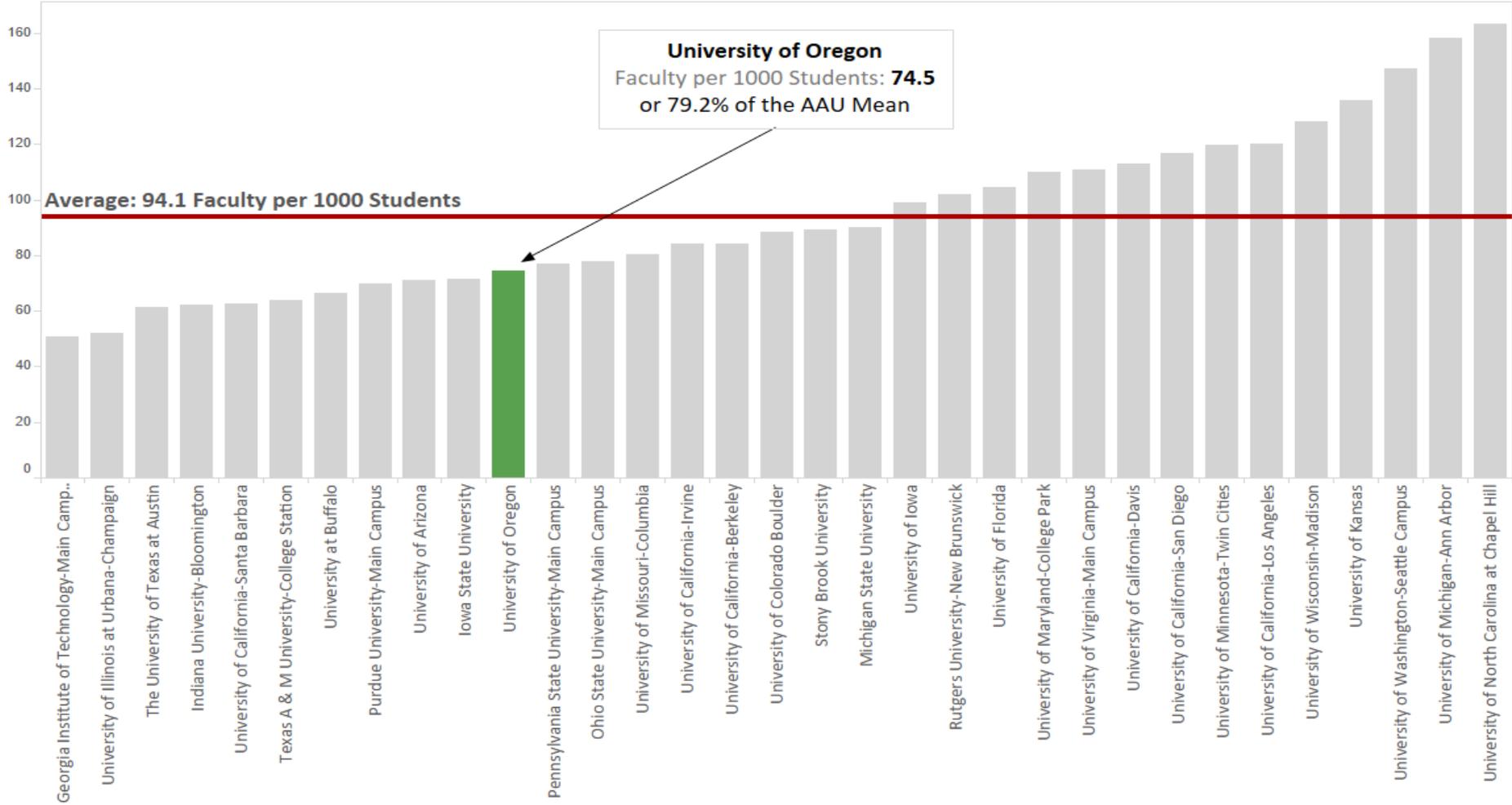
Recent Cost Cutting

- FY2017
 - Administrative Cuts - \$3.0M
 - CAS Cost Cut - \$3.3M
- FY2018
 - Presidential Directed Cuts- \$4.5M
- FY2019:
 - Administrative and Academic Cuts: \$11.6 million
- Three year total: \$22.4 million per year

Faculty / Student Ratio – 79.2% of Peers

Comparison of Faculty per 1,000 Students among AAU Publics

FTE Faculty per FTE Students



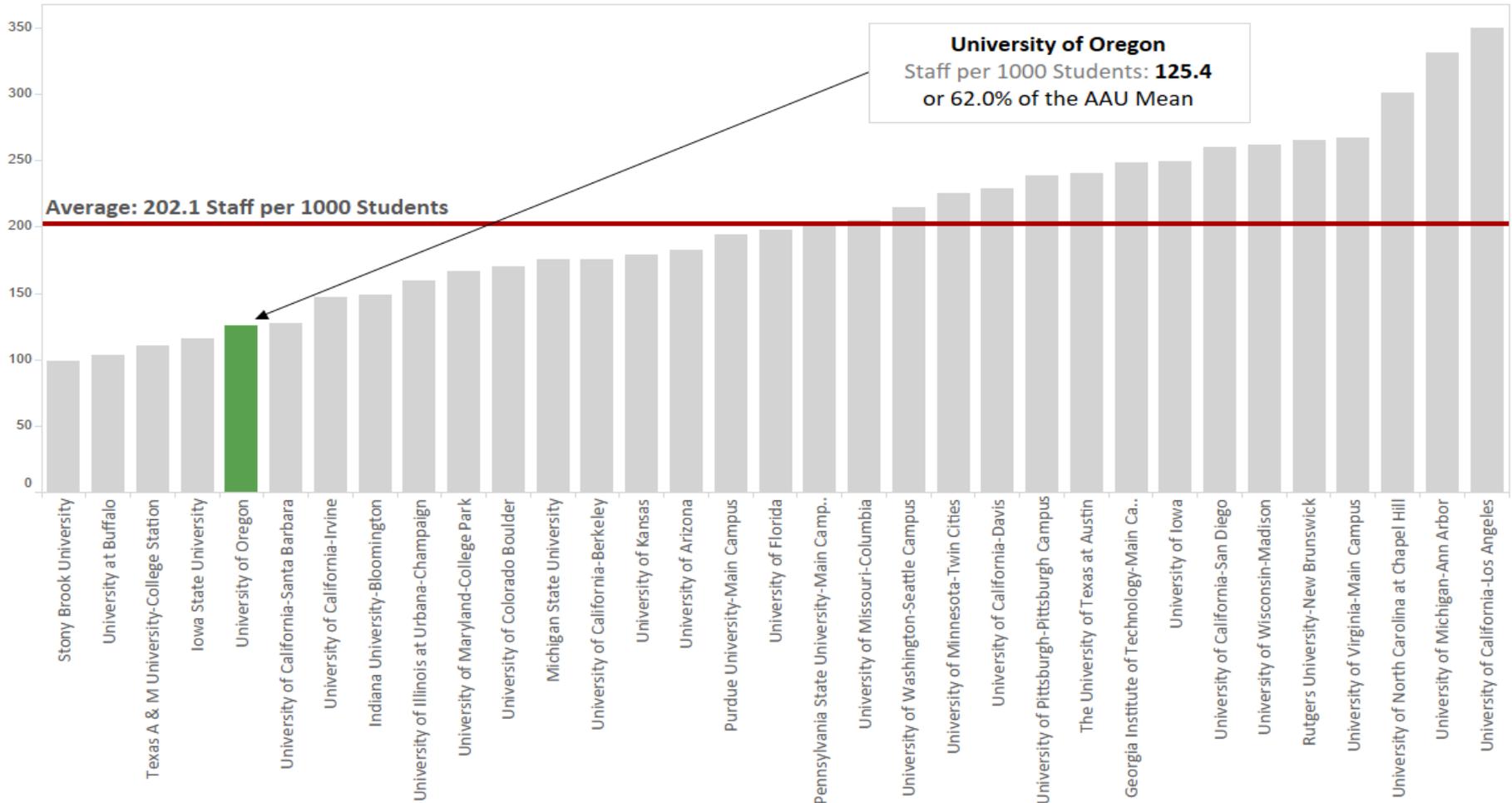
Note: The ratio of faculty to students is based on faculty FTE to student FTE.

Source: IPEDS Human Resources and Enrollment (FY2018).

Staff / Student Ratio – 62.0% of Peers

Comparison of Staffing per 1,000 Students among AAU Publics

FTE Non-Faculty Staff (Non-medical) per FTE Students



Note: The ratio of staff to students is based on staff FTE to student FTE.

Source: IPEDS Human Resources and Enrollment (FY2018).

Other Initiatives

- New online courses
- New master's degree programs
- New Portland offerings
- Fundraising efforts
- Cost savings initiatives
- State legislative efforts

Agenda

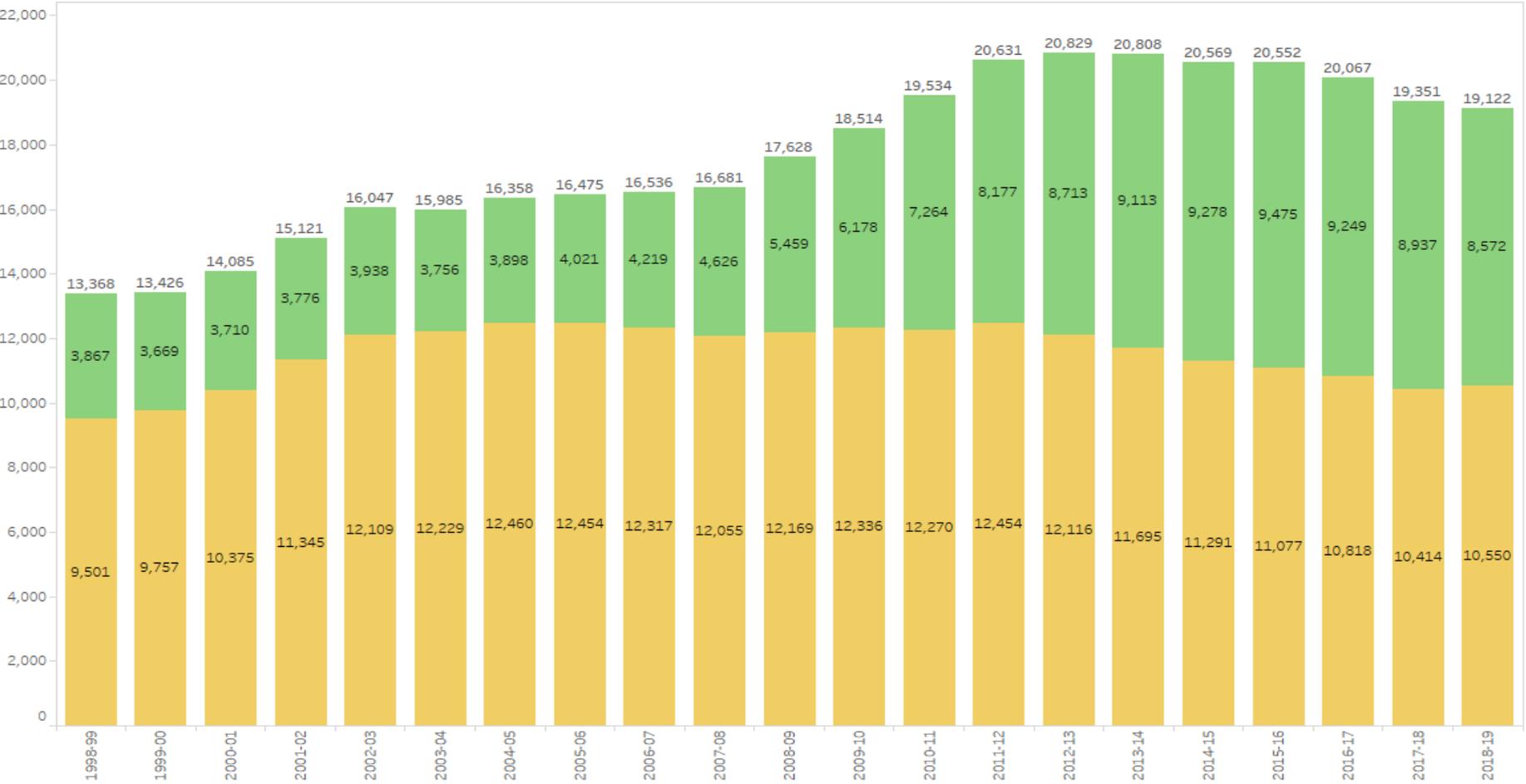
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Campus Growth

UNIVERSITY OF OREGON Undergraduate Enrollment by Residency

Residency
■ Nonresident UG
■ Resident UG



Campus Growth

- Assumed Growth – adding 3,000 students over a period of eight years
- Necessary investments
 - Recruiting
 - Additional Scholarships
 - Additional new residence hall
 - Classroom/Faculty Office Building
 - Additional Faculty and Staff (out years)

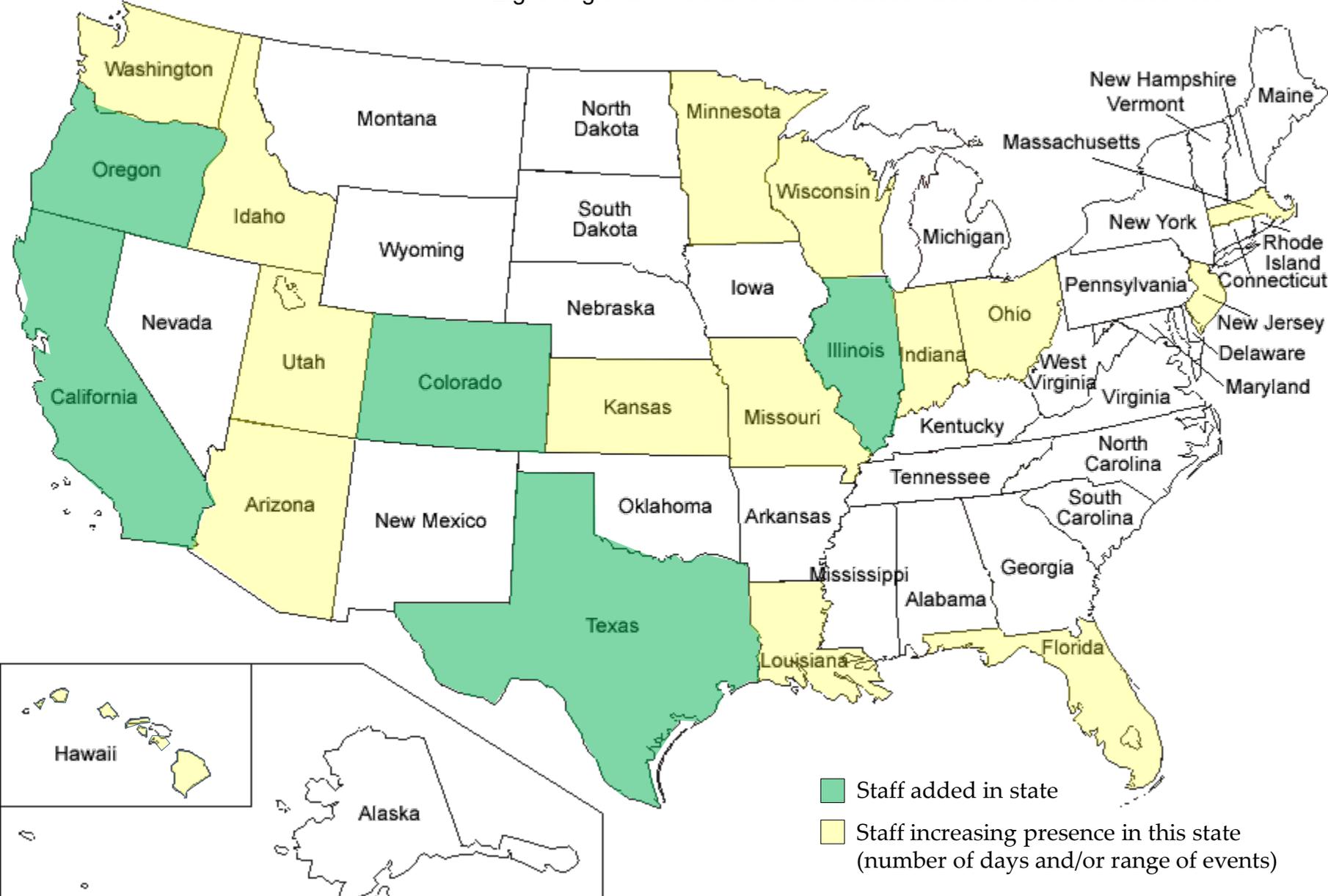
Recruiter Locations: Fall 2017 Cycle

Three Regional Recruiters



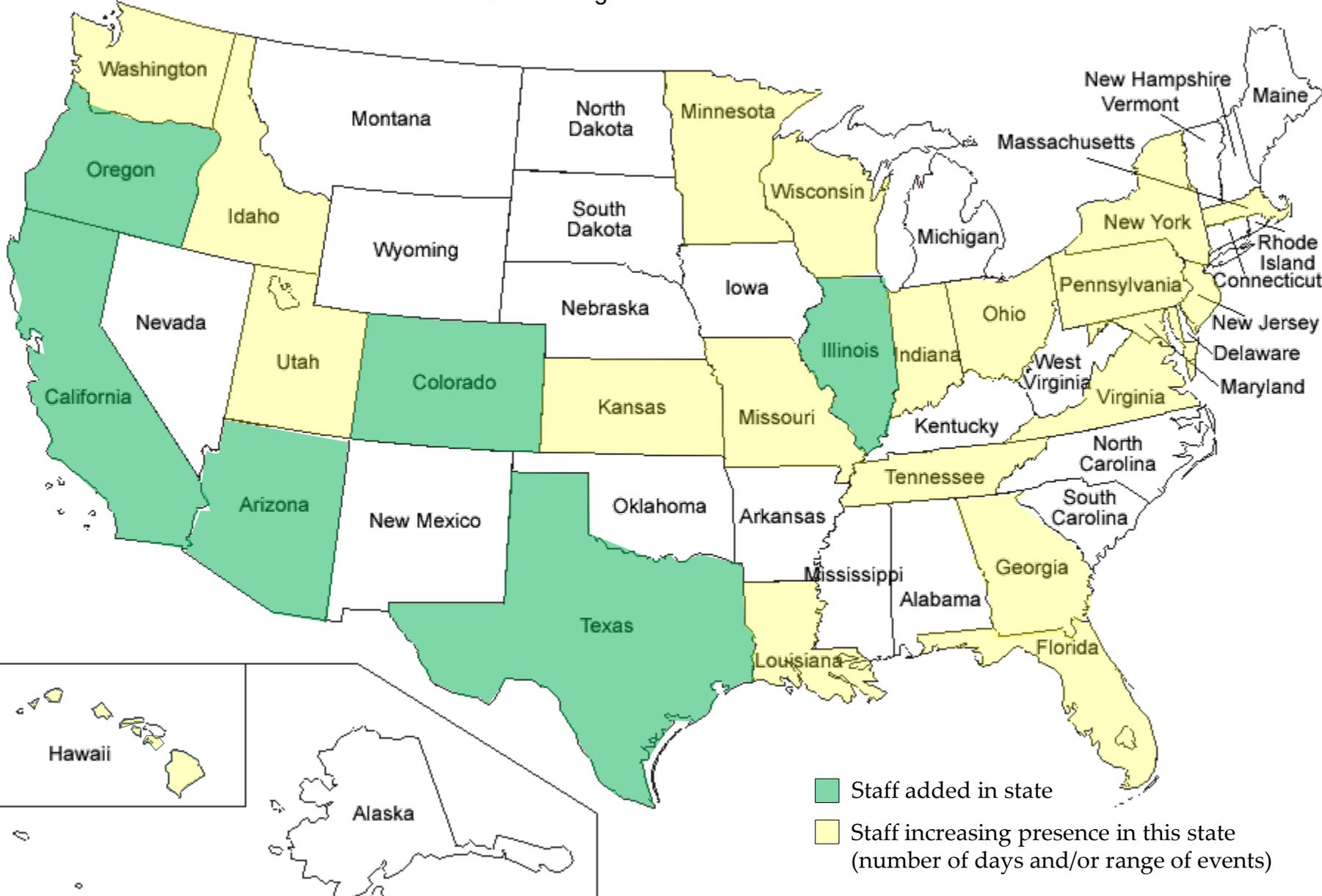
Recruiter Locations: Fall 2018 Cycle

Eight Regional Recruiters and increased national recruitment activities



Recruiter Locations: Fall 2019 Cycle

Eleven Regional Recruiters and increased national recruitment activities



Campus Growth – Last few years

– Fall 2018:

- Resident freshmen class increased by close to 300 students
- Non-resident freshmen class did not increase significantly

– Fall 2019

- Resident freshmen class remained historically very large
- Non-resident freshmen class increased by close to 400 students

– But, over the last three years we've lost close to 1,000 international students

Campus Growth

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Residency
Nonresident UG
Resident UG

