



UNIVERSITY OF OREGON

Student Tuition Forum

**University of Oregon
Financial Briefing**

January 15th, 2019



UNIVERSITY OF OREGON

Agenda

- UO Budget Structure
- Key Sources of E&G Funding
- Historical & Comparative Data
- Projected FY20 Cost Drivers
- Tuition Revenue
- Campus Growth

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

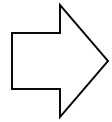
Plant Funds

Auxiliary, Service Centers,
and Designated Ops
Funds

Restricted Gifts

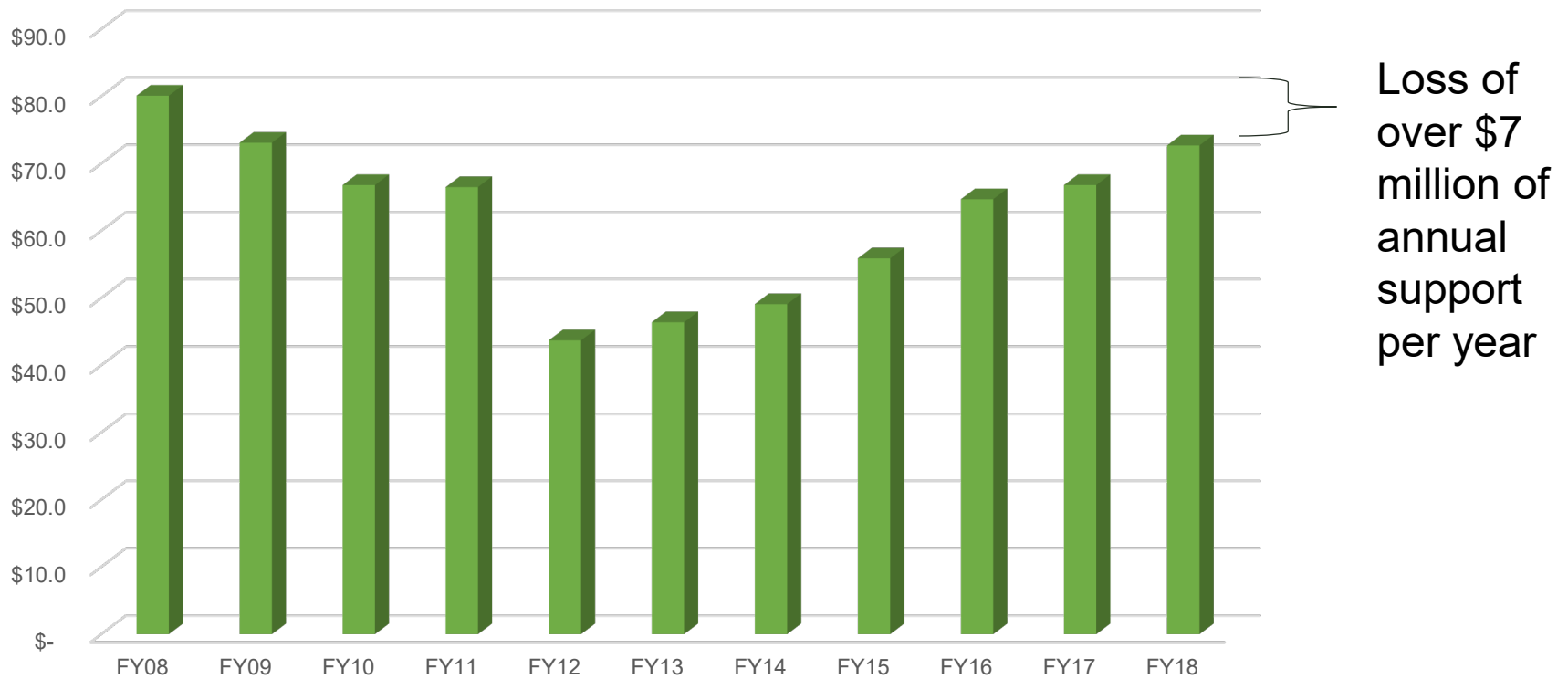


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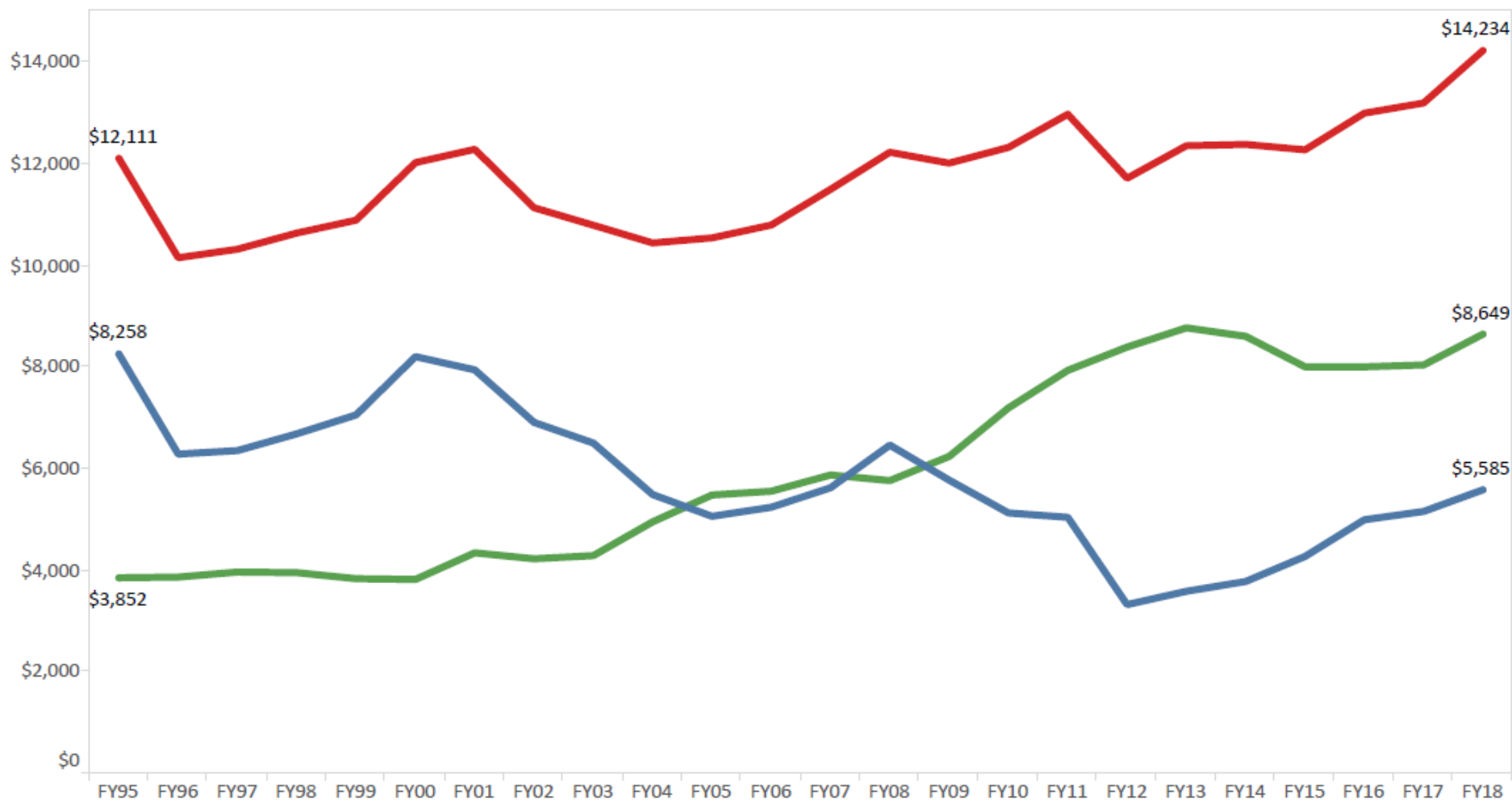
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Decreased levels of State Appropriation



State Appropriation and Resident Tuition Revenue per Resident Student FTE

■ State Appropriation per FTE
 ■ Total funding per FTE
 ■ Tuition Revenue per FTE



Note: The chart compares state appropriation and resident tuition revenue on a per student FTE basis. Figures are expressed in inflation-adjusted 2018 dollars. The Consumer Price Index (CPI) values are obtained from the Bureau of Labor Statistics and represent the Urban-West annual CPI as of June 30, 2018.

Source: UO Office of Institutional Research.



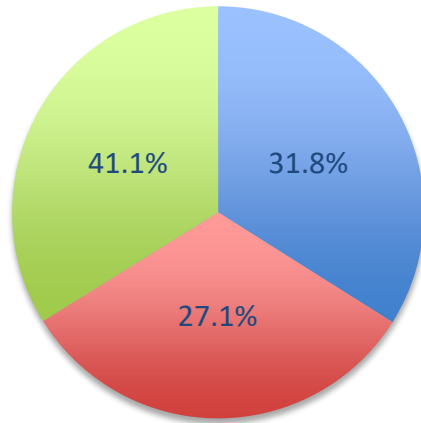
University Resources

FY2018 Major Revenue Streams (E&G Fund)

<i>State Appropriation</i>	\$72.7 million
<i>Resident Net Tuition</i>	\$103.4 million
<i>Non-resident Net Tuition</i>	\$281.7 million

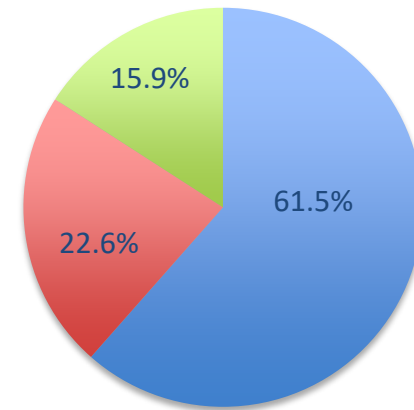
Increasing Dependence Upon Nonresident Tuition

FY2003 – Revenue Breakdown



- Nonresident Tuition as % of Total Three sources
- Resident Tuition as % of Total Three sources
- State Appropriation as % of Total Three sources

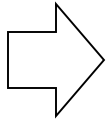
FY2018 – Revenue Breakdown



- Non-Resident Tuition as % of Total Three Sources
- Resident Tuition as % of Total Three Sources
- State Appropriation as % of Total Three Sources

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Grants & Contracts

Plant Funds

Auxiliary, Service Centers,
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Funds

Restricted Gifts

Context – E&G Fund

- E&G Fund - Characteristics
 - 80% funded with tuition revenue
 - Funds majority of activity in schools and colleges and administrative units
 - Over 80% invested in people
- E&G Fund – Recent History
 - FY15: \$10 million deficit (\$6.5 million related to recurring issues)
 - FY16: Balanced due to state investment and tuition increase
 - FY17: Balanced due to tuition increase and cost containment efforts
 - FY18: Balanced due to state investment, tuition increase, and cost cutting
 - FY19: \$5.6 million deficit projected



Recent Cost Cutting and Savings Initiatives

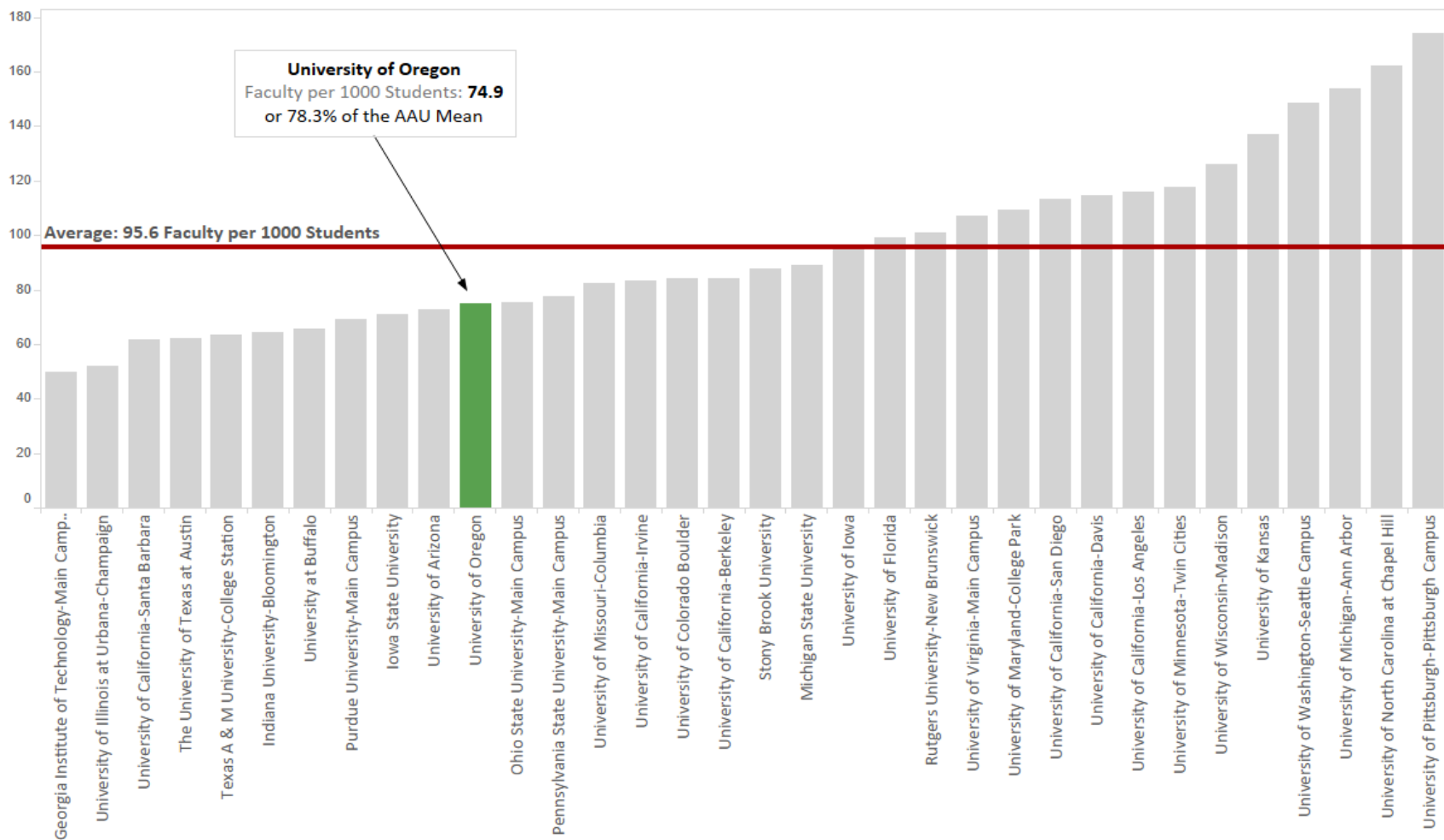
- FY17 Administrative Cuts - \$3.0M
- FY17 CAS Cost Cut - \$3.3M
- FY18 Presidential Directed Cuts- \$4.5M
- FY15 - FY18 Efficiencies Savings - \$8.8M
one time; \$4.6 M - \$5.6M recurring
- FY19 – cost cutting / efficiency savings
initiatives are continuing



UO Faculty / Student Ratio – 78.3% of Mean of Peer Institutions

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.

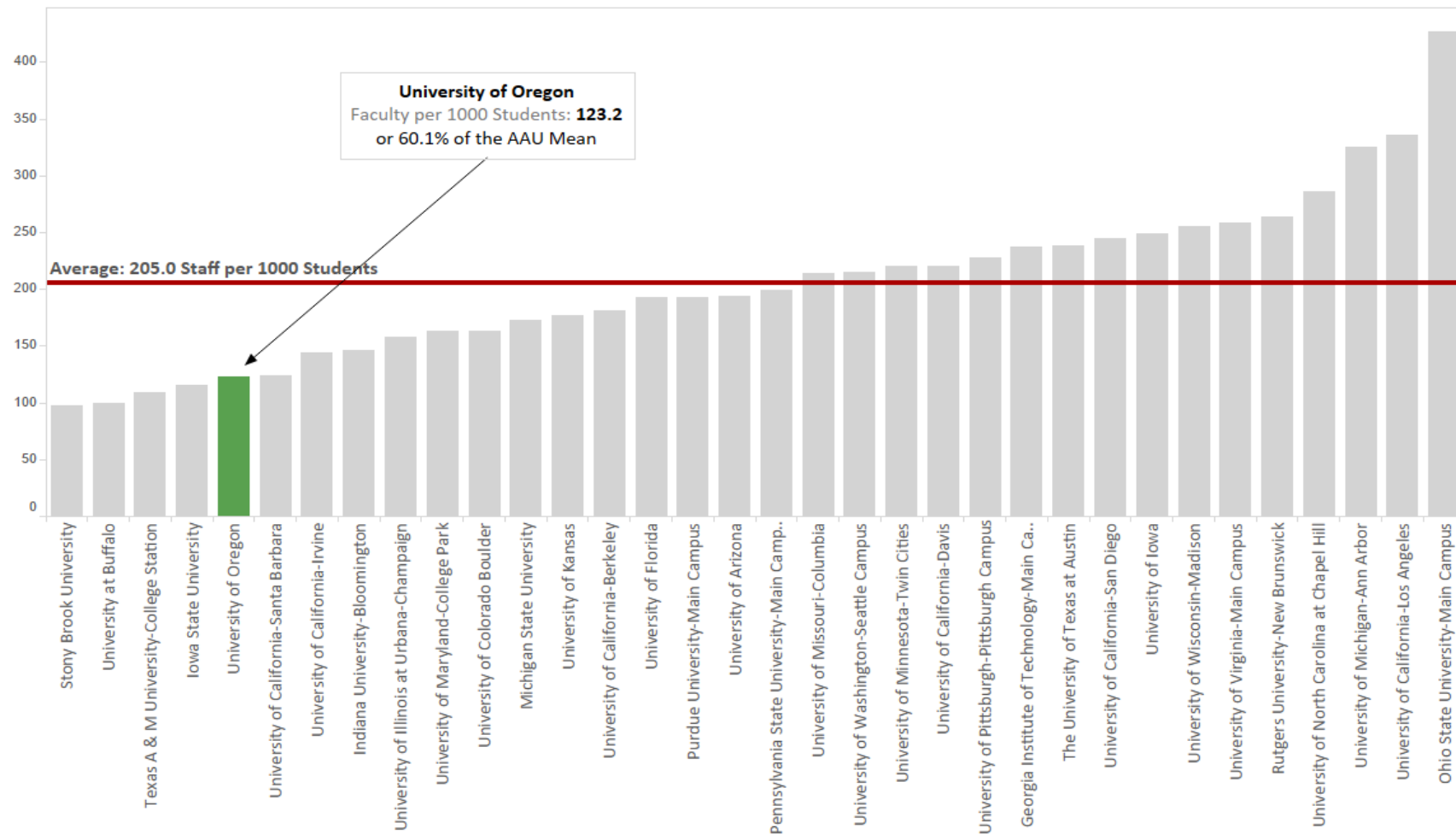
Source: IPEDS Human Resources and Enrollment (FY2017).



UO Staff / Student Ratio – 60.1% of Mean of Peer Institutions

Comparison of Staffing per 1,000 Students among AAU Publics

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

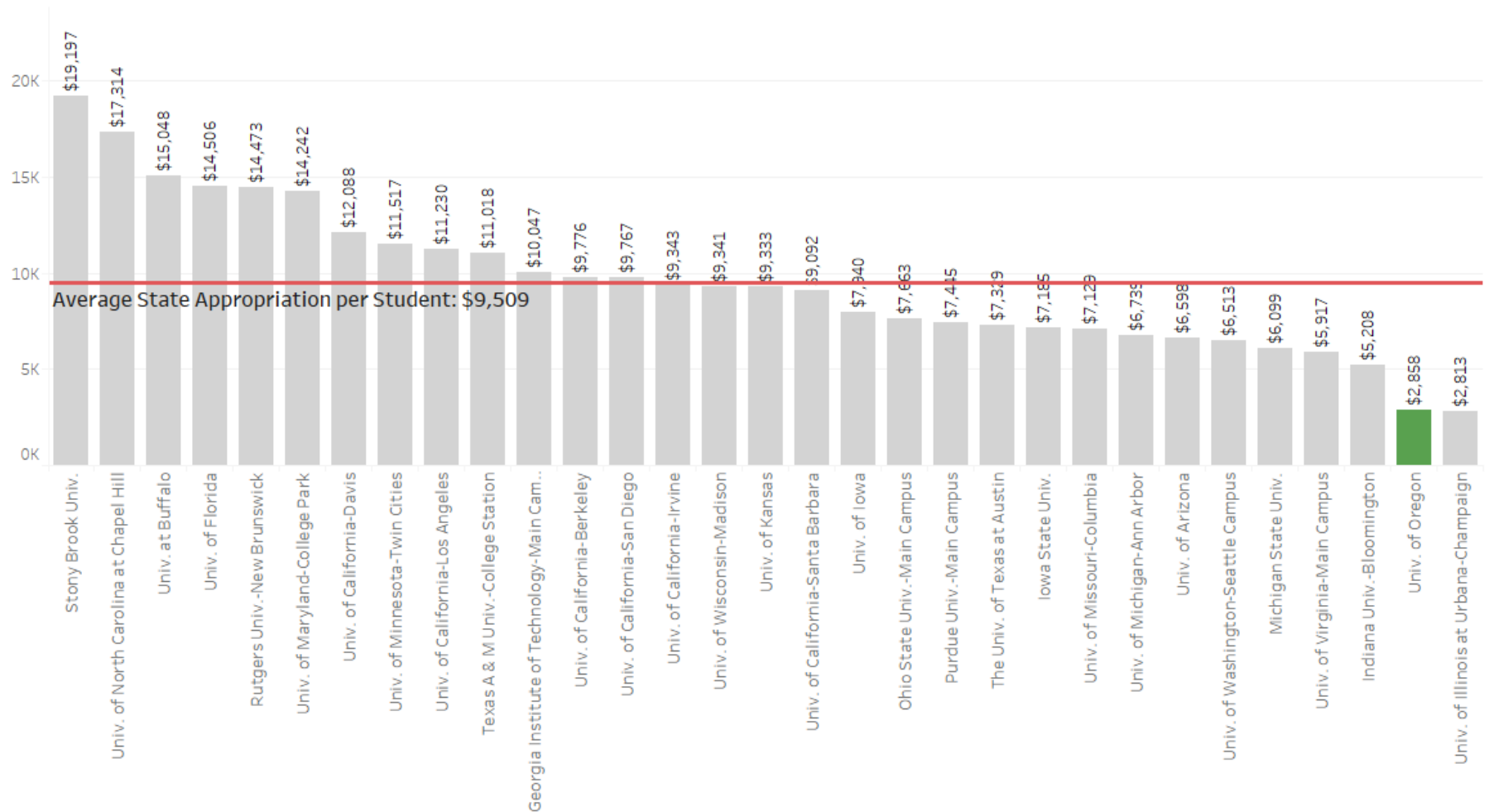


Note: The ratio of faculty to students is based on faculty FTE to student FTE.

Source: IPEDS Human Resources and Enrollment (FY2017).



State Appropriations per Student FTE among AAU Publics (FY2017)



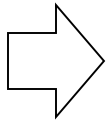
Notes:

1. University of Colorado, Penn State University, and University of Pittsburgh are excluded from the table because these institutions have an alternative state funding mechanism.
 2. The Student FTE corresponds to a 12-month FTE.
 3. In Illinois, the state failed to pass budgets in FY16 and FY17.
- Source: IPEDS Finance (FY2017) and Enrollment (FY2017).



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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	\$7.6 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/hr
Total Projected Cost Increases	\$24.1 million	



Summary – Major FY2020 E&G Fund Cost Drivers

Cost Driver	FY19 Base	FY20 Cost Increase	FY20 % increase
Faculty, Staff and GE Salary and Wages	\$422.3 million	\$10.6 million	2.5%
Medical Costs	\$51.0 million	\$1.9 million	3.7%
Retirement Costs	\$54.4 million	\$7.6 million	14.0%
Institutional Expenses	\$36.6 million	\$1.0 million	2.7%
Strategic Investments	\$541.1 million	\$2.0 million	0.4%
Minimum Wage Increase	\$429.2 million	\$1.0 million	0.2%
Totals	\$541.1 million	\$24.1 million	4.45%

Cost Drivers – PERS Costs

Projected Annual Increases	FY18	FY19	FY20	FY21	FY22
E & G Fund	\$7.1M	\$0	\$7.6M	\$0	\$7.6M
Other	\$3.4M	\$0	\$3.0M	\$0	\$3.0M
Total	\$10.5M	\$0	\$10.6M	\$0	\$10.6M

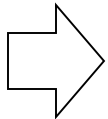
Projected Cumulative Increases	FY18	FY19	FY20	FY21	FY22
E & G Fund	\$7.1M	\$7.1M	\$14.7M	\$14.7M	\$22.3M
Other	\$3.4M	\$3.4M	\$6.4M	\$6.4M	\$9.4M
Total	\$10.5M	\$10.5M	\$21.1M	\$21.1M	\$31.7M

If PERS unfunded liabilities continue to grow, charges to the University of Oregon could grow significantly in future years.

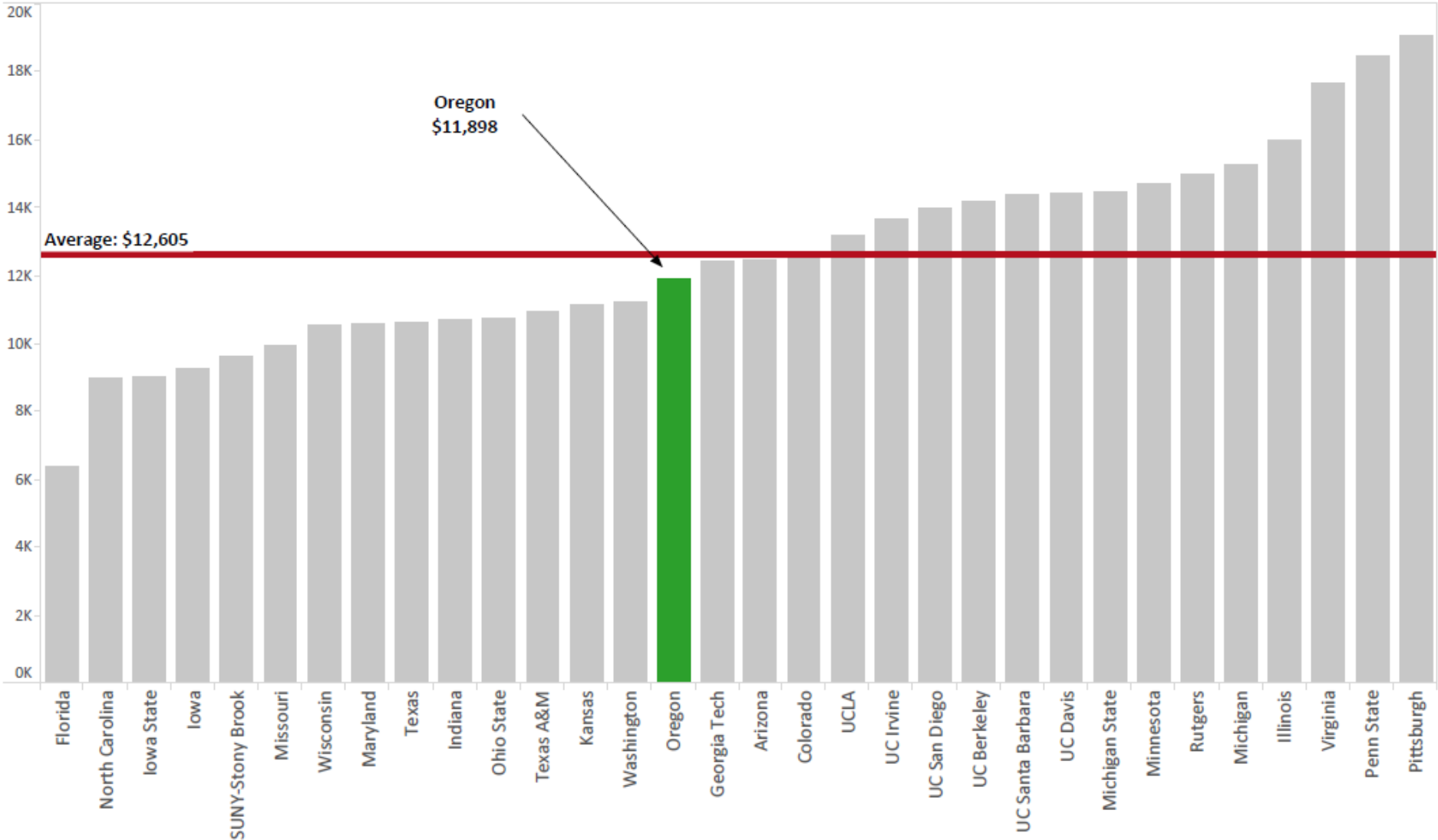


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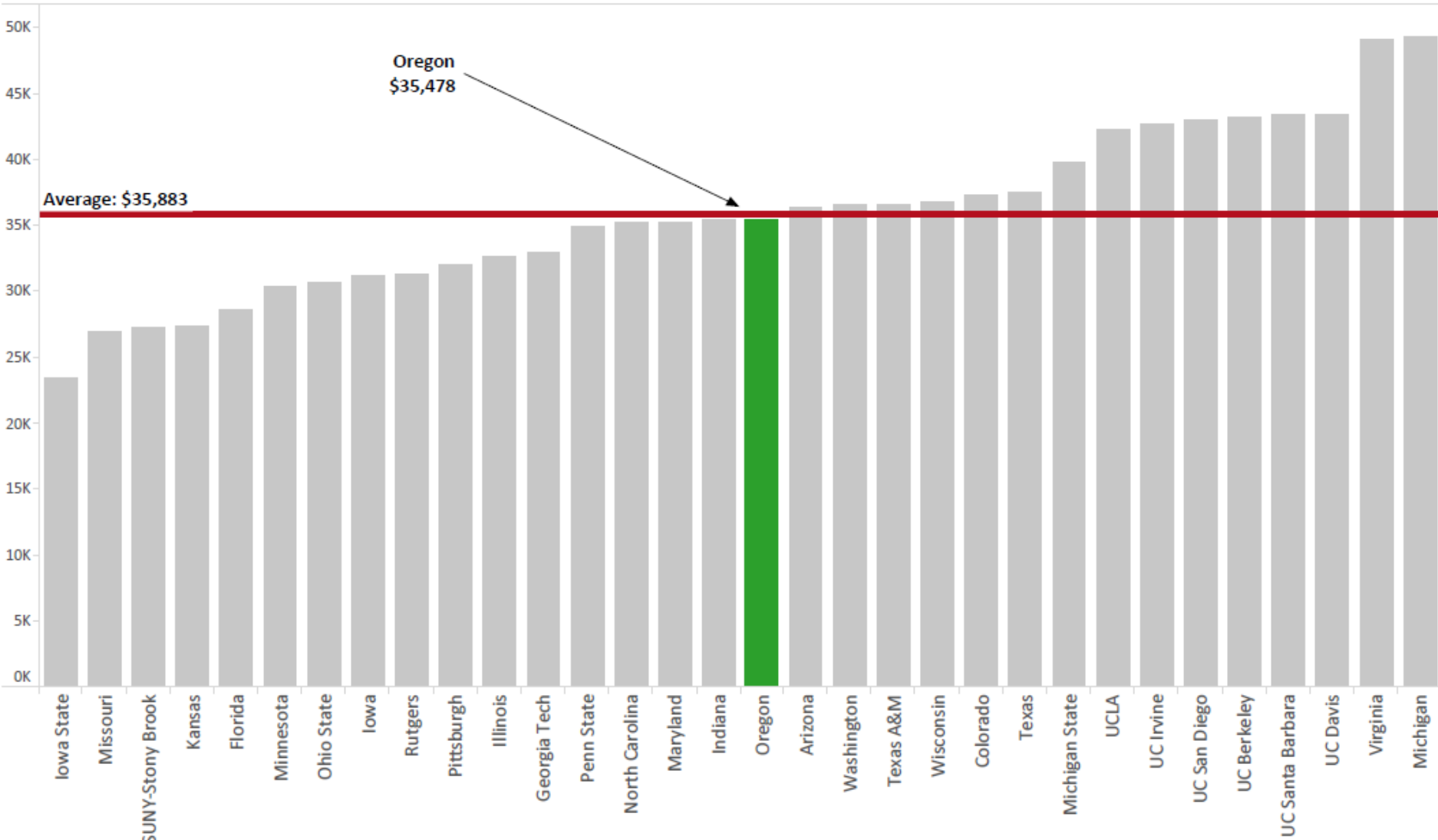


AAU Publics
2018-19 Tuition and Mandatory Fees
Resident Full-time Undergraduate



Source: AAUDE Tuition and Fees.

AAU Publics
2018-19 Tuition and Mandatory Fees
Nonresident Full-time Undergraduate



Source: AAUDE Tuition and Fees.

Tuition Revenue

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

Resident	\$800k
Non-resident	\$2.5M

*Totals account for fee remissions and summer revenue

Tuition Revenue

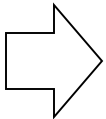
- FY20 annual cost drivers: \$24.1 million

Non-resident Tuition Rate Increase

Resident Tuition Rate Increase	Percent Increase (Per Student Annually)	2.0% (\$650)	2.5% (\$813)	3.0% (\$976)	4.0% (\$1,301)	5.0% (\$1,627)
	2.0% (\$190)	\$6.6M	\$7.8M	\$9.1M	\$11.6M	\$14.1M
	3.0% (\$285)	\$7.4M	\$8.6M	\$9.9M	\$12.4M	\$14.9M
	4.0% (\$380)	\$8.1M	\$9.4M	\$10.6M	\$13.2M	\$15.7M
	5.0% (\$475)	\$8.9M	\$10.1M	\$11.4M	\$13.9M	\$16.5M

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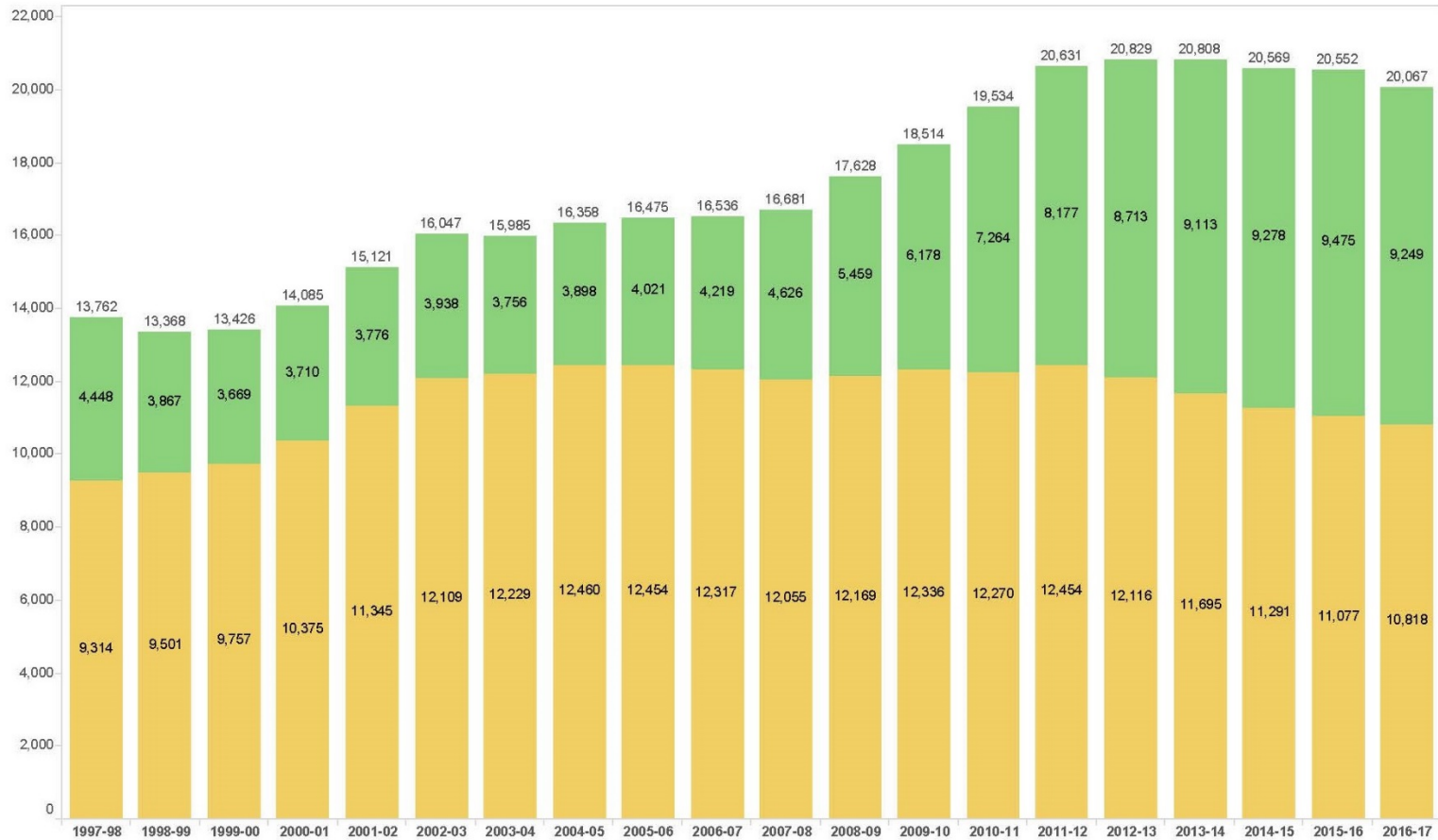
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Campus Growth

UNIVERSITY OF OREGON
Undergraduate Enrollment by Residency

Residency
■ Nonresident UG
■ Resident UG



Campus Growth

- Assumed Growth– 3,000 students over a period of eight years
- Necessary investments
 - Recruiting
 - Classroom/Faculty Office Building
 - Minimum of 45,000-60,000 gross square foot building needed to support classroom and faculty offices for student growth
 - Additional new residence hall capacity
 - Investments in Faculty and Staff – additional investments related to cost of education after the first 750 new additional students

Campus Growth

Financial Projections Presented to Board

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Entering Freshmen	4,150	4,450	4,450	4,500	4,675	4,775	4,850	4,900
Total Undergrads (Admitted)	19,892	20,370	20,782	21,174	21,619	22,001	22,348	22,658
Incremental Revenue from Enrollment Growth	\$7.9M	\$14.2M	\$12.2M	\$12.1M	\$14.2M	\$13.6M	\$13.4M	\$12.7M
Incremental Investment Recruiting	\$1.3M	\$245k	-	-	-	-	-	-
Incremental Investment New Classroom Building	-	\$3.1M	-	-	-	-	-	-
Incremental Investment Faculty and Staff	-	\$224k	\$5.4M	\$5.5M	\$6.5M	\$6.0M	\$5.9M	\$5.6M
Net Revenue	\$6.6M	\$10.6M	\$6.8M	\$6.6M	\$7.7M	\$7.6M	\$7.5M	\$7.1M



Governor's Recommended Budget (GRB)

- Universities were “flat funded”
- Funding level for FY20 - FY21 is the same as funding level for FY18 - FY19
- No increases were provided for cost drivers such as salary increases, PERS, PEBB
- Due to 49% / 51% split of funds, UO would likely see cut of \$2.7 million in FY20
- Governor's “investment budget” would significantly increase PUSF funding

Summary of FY2020 E&G Fund Budget Challenge

• FY2019 Projected Deficit:	\$5.6 million
• FY2020 Cost Drivers:	\$24.1 million
• GRB Budget – FY20 impact:	(\$2.7 million)
<hr/>	
• Total Gap to Fill:	\$32.4 million

Opportunities:

- Campus Growth
- Increased State Support