University of Oregon
Financial Briefing

Tuition and Fee Advisory Board
November 1st, 2019
Agenda

• UO Budget Structure
• Key Sources of University Funding
• Cost Drivers
• Revenue and Cost Dynamics
UO Budget Structure

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

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

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**School & College Budgets**

**Central Admin Budgets**

**Institutional Expenses (Debt, assessments, utilities, leases)**

**Grants & Contracts**

**Plant Funds**

**Auxiliary, Service Centers, and Designated Ops Funds**

**Restricted Gifts**
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Decreased levels of State Appropriation

Loss of nearly $6 million of annual support per year
Appropriation and Tuition

State Appropriation and Resident Tuition Revenue per Resident Student FTE

Note: The chart compares state appropriation and resident tuition revenue on a per student FTE basis. Figures are expressed in inflation-adjusted 2019 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, 2019. Source: UO Office of Institutional Research.
## University Resources

### FY2019 Major Revenue Streams (E&G Fund)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$74.4 million</td>
</tr>
<tr>
<td>Resident Net Tuition</td>
<td>$107.5 million</td>
</tr>
<tr>
<td>Non-resident Net Tuition</td>
<td>$278.6 million</td>
</tr>
</tbody>
</table>
Increasing Dependence Upon Non-resident Tuition

FY2004 – Revenue Breakdown

- Non-resident tuition: 41.4%
- Resident tuition: 25.5%
- State appropriation: 23.1%

FY2019 – Revenue Breakdown

- Non-resident tuition: 62.7%
- Resident tuition: 20.6%
- State appropriation: 16.8%
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Restricted Gifts
## Summary – Major FY2020 E&G Fund Cost Drivers

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY20 Cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty, Staff and GE Salary and Wages</td>
<td>$10.6 million</td>
<td>E&amp;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&amp;G funds only.</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$1.9 million</td>
<td>Assumed annual increase of 3.7%</td>
</tr>
<tr>
<td>Retirement Costs</td>
<td>$7.1 million</td>
<td>Based on new PERS rates released by PERS board in fall 2018</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>$1.0 million</td>
<td>Increases related to utilities, insurance, debt for academic buildings, assessments, and leases</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>$2.0 million</td>
<td>Allocated via strategic investment process</td>
</tr>
<tr>
<td>Minimum Wage Increase</td>
<td>$1.0 million</td>
<td>Increases per State of Oregon minimum wage increase to $11.25/hour</td>
</tr>
<tr>
<td><strong>Total Projected Cost Increases</strong></td>
<td><strong>$23.6 million</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Summary – Major FY2020 E&G Fund Cost Drivers

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY19 Base</th>
<th>FY20 Cost Increase</th>
<th>FY20 % increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty, Staff and GE Salary and Wages</td>
<td>$422.3 million</td>
<td>$10.6 million</td>
<td>2.5%</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$51.0 million</td>
<td>$1.9 million</td>
<td>3.7%</td>
</tr>
<tr>
<td>Retirement Costs</td>
<td>$54.4 million</td>
<td>$7.1 million</td>
<td>13.0%</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>$36.6 million</td>
<td>$1.0 million</td>
<td>2.7%</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>$541.1 million</td>
<td>$2.0 million</td>
<td>0.4%</td>
</tr>
<tr>
<td>Minimum Wage Increase</td>
<td>$429.2 million</td>
<td>$1.0 million</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$541.1 million</strong></td>
<td><strong>$23.6 million</strong></td>
<td><strong>4.36%</strong></td>
</tr>
</tbody>
</table>
## Cost Drivers – PERS Costs

<table>
<thead>
<tr>
<th>Projected Annual Increases</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>E &amp; G Fund</td>
<td>$7.1M</td>
<td>$0</td>
<td>$7.1M</td>
<td>$0</td>
<td>$7.1M</td>
</tr>
<tr>
<td>Other</td>
<td>$3.4M</td>
<td>$0</td>
<td>$3.0M</td>
<td>$0</td>
<td>$3.0M</td>
</tr>
<tr>
<td>Total</td>
<td>$10.5M</td>
<td>$0</td>
<td>$10.1M</td>
<td>$0</td>
<td>$10.1M</td>
</tr>
</tbody>
</table>

## Projected Cumulative PERS Increases

- **FY18**: $0
- **FY19**: $10M
- **FY20**: $20M
- **FY21**: $30M
- **FY22**: $40M
Agenda

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- Cost Drivers
- Revenue and Cost Dynamics
E&G Fund

• FY16, FY17 and FY18: Balanced budget due to state investment, tuition increases and budget cuts

• FY19: $11.5 million deficit

• FY20: $6.8 million projected deficit
E&G Fund: Revenue and Cost Dynamics

- Revenue: 79% Tuition & Fees Funded
- Costs: 79% Invested in People
## Cost Dynamics – Personnel Costs

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY20 Cost Increase</th>
<th>FY20 Percentage Increase</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Faculty, Staff, & GE Salary and Wages     | $10.6 million      | 2.5%                     | • 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**
E&G Fund: Revenue and Cost Dynamics

Revenue

79% Tuition & Fees Funded

Costs

79% Invested in People
FY19 E&G Fund Net Tuition Revenue
Total: $418.5 million

- Undergraduate Non-Resident $255.0M (61%)
- Undergraduate Resident $73.8M (18%)
- Graduate $65.0M (16%)
- Other Tuition and Fees $24.6M (6%)
2019-20 Nonresident Tuition and Fees
AAU Publics

Oregon
$36,615

Average: $36,695
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

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

University of Oregon
Staff per 1000 Students: 125.4
or 62.0% of the AAU Mean

Average: 202.1 Staff per 1000 Students

Note: The ratio of staff to students is based on staff FTE to student FTE.
Source: IPEDS Human Resources and Enrollment (FY2018).
Campus Growth

UNIVERSITY OF OREGON
Undergraduate Enrollment by Residency

Residency
Nonresident UG
Resident UG