

# University of Oregon Financial Briefing

October 26<sup>th</sup>, 2021

*Tuition and Fee Advisory Board*

# Agenda

- UO Budget Structure
- Key Sources of University Funding
- Cost Drivers
- E&G Fund Challenges
- Impact of COVID-19 on University Finances

# 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*

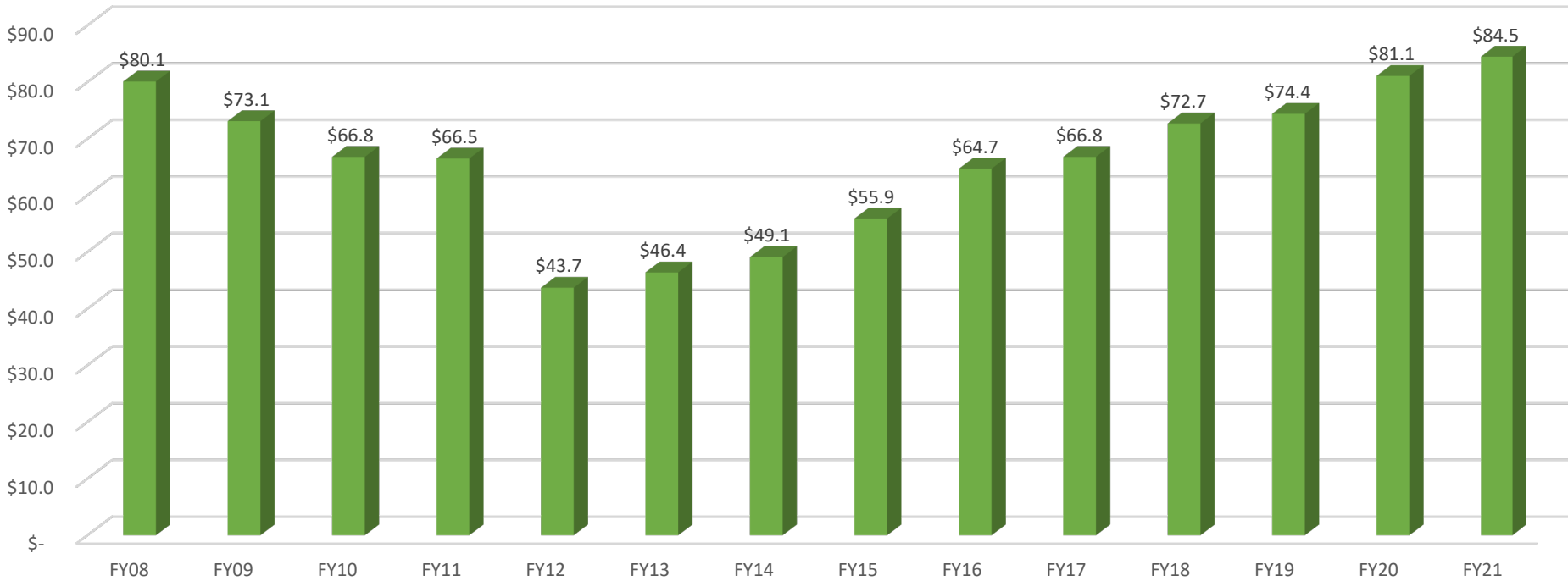
Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
and Designated Ops  
Funds

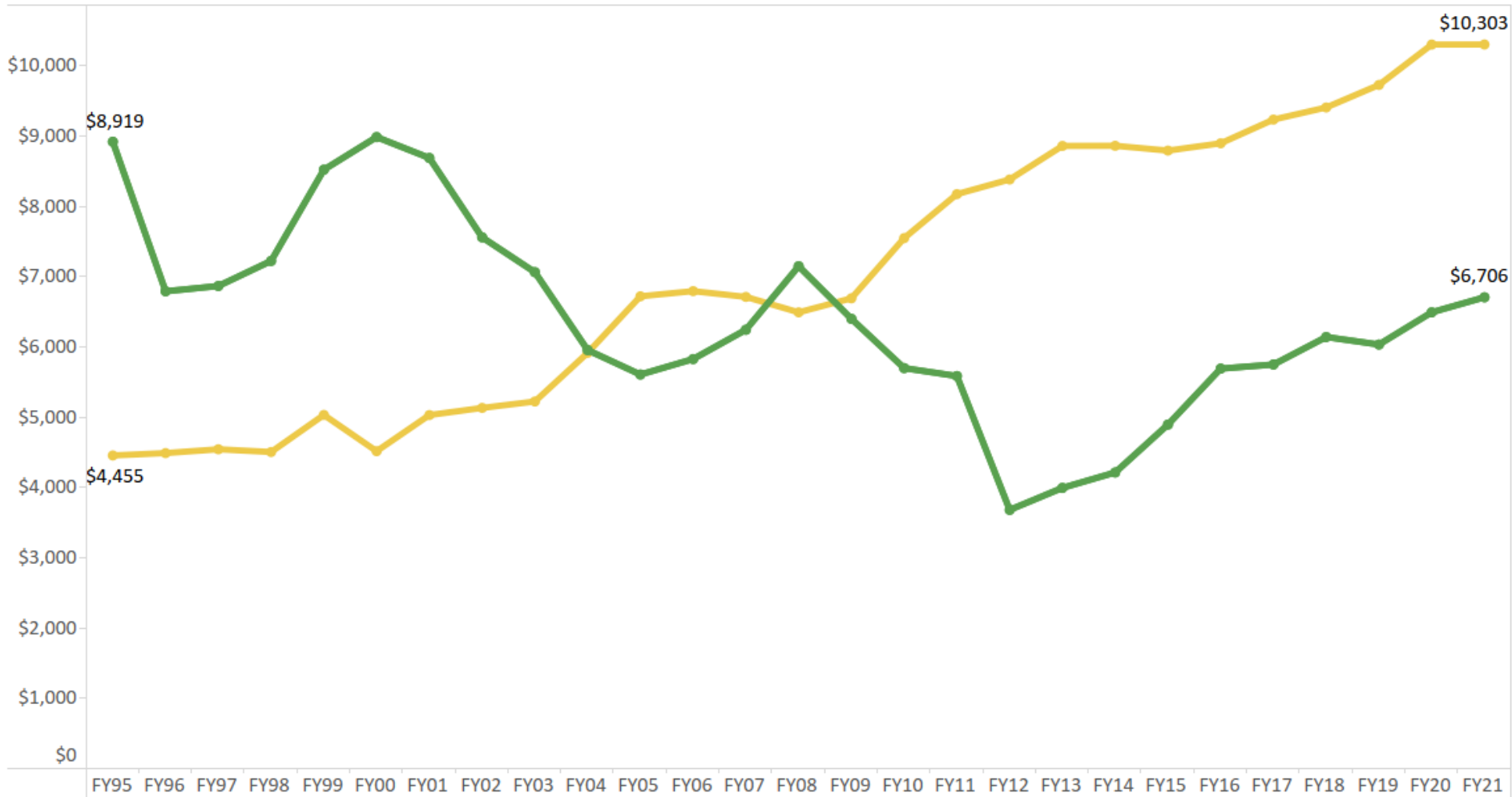
Restricted Gifts

# Annual State Appropriation in Support of Operations



# State Appropriation and Resident Tuition (net: after remissions) Revenue per Resident Student FTE

■ State Appropriation per FTE  
■ Resident Tuition Revenue per FTE

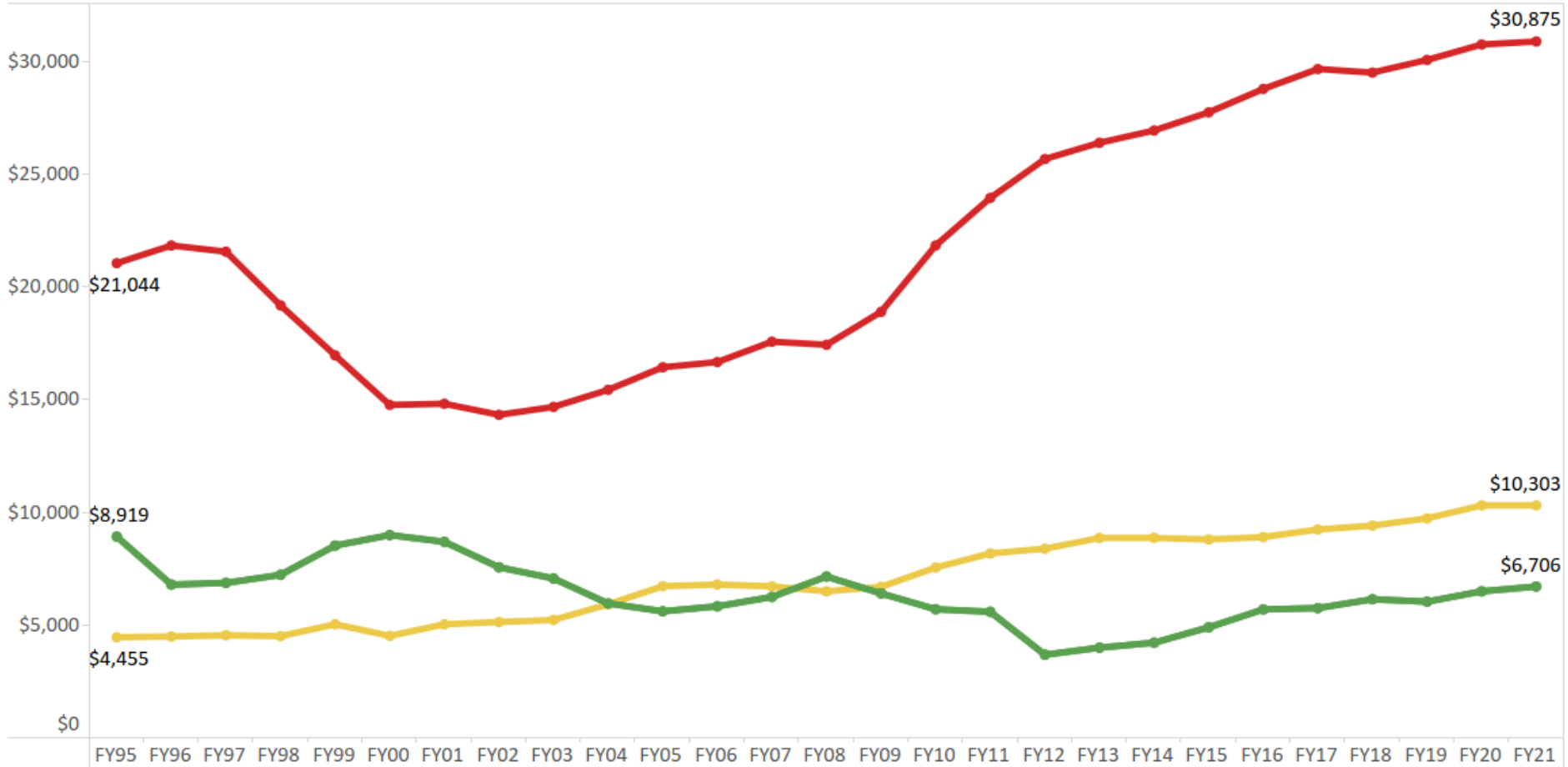


*Note:* The chart compares state appropriation and resident tuition revenue on a per student FTE basis. Figures are expressed in inflation-adjusted 2021 dollars. The Consumer Price Index (CPI) values are obtained from the Bureau of Labor Statistics and represent the Urban-West annual CPI as of June 30, 2021.

*Source:* UO Office of Institutional Research.

## State Appropriation and Resident Tuition (net: after remissions) Revenue per Resident Student FTE

- State Appropriation per FTE
- Resident Tuition Revenue per FTE
- Nonresident 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 2021 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, 2021.

Source: UO Office of Institutional Research.

# University Resources

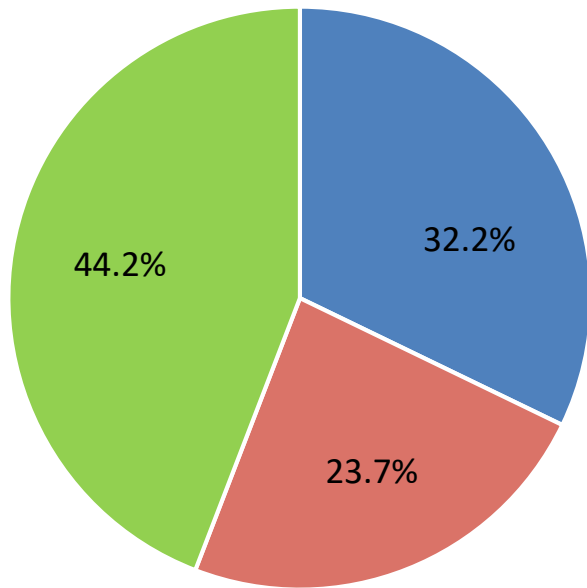
## FY2021 Major Revenue Streams

### (E&G Fund – Net of Remissions)

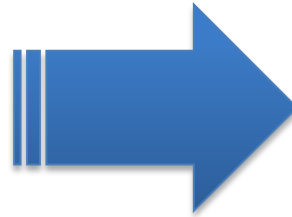
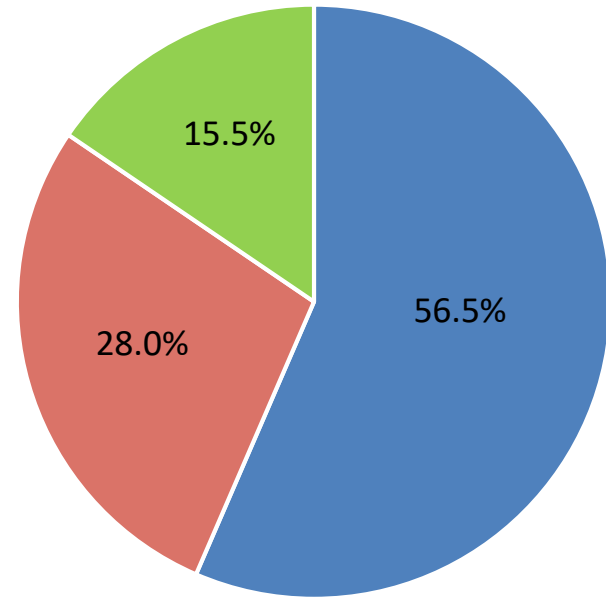
<i>State Appropriation</i>	\$84.5 million
<i>Resident Net Tuition</i>	\$124.3 million
<i>Non-resident Net Tuition</i>	\$276.7 million

# Increasing Dependence Upon Non-resident Tuition

## FY2000 – Revenue Breakdown



## FY2021 – Revenue Breakdown



- Non-resident tuition as % of total three sources
- Resident tuition as % of total three sources
- State appropriation as % of total three sources

- 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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- *Restricted gifts*

Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
and Designated Ops  
Funds

Restricted Gifts

# Summary – Major FY2022 E&G Fund Cost Drivers

Cost Driver	FY22 Cost Increase	Notes
Faculty, Staff and GE Salary and OPE	\$7.3 million	E&G employee increases based on collective bargaining agreement for approximately 1,231 graduate employees. Also includes estimates of increases for approximately 1,511 faculty, 679 classified staff and 1,232 unrepresented staff. Cost increase lower than previous years due to elimination of annual salary increases in January 2021 for faculty and unrepresented staff. Figures are for employees paid with E&G funds only.
Medical Costs	\$1.2 million	Annual increase due to rate increases and change in coverage mix. December 2020 PEBB increase at 0.5% was much lower than historical average. December 2021 increase assumed to be 3.0%.
Institutional Expenses	\$1.2 million	Increases related to utilities, insurance, debt for academic buildings, assessments, and leases.
Strategic Investments	600K	Annual \$2 million Strategic Investment Process cancelled due to COVID-19 and associated budget challenges. \$600K pre-committed to support Tykeson Advisors previously funded with one-time gift funds.
Minimum Wage Increase	\$320K	Increases per State of Oregon minimum wage increase to \$13.50/hr including associated OPE. Impacts student positions.
<b>Total Projected Cost Increases</b>	<b>\$10.6 million</b>	

# Summary – Major FY2022 E&G Fund Cost Drivers

Cost Driver	FY21 Base	FY22 Cost Increase	FY22 % increase
Faculty, Staff and GE Salary and Wages	\$445 million	\$7.3 million	1.6%
Medical Costs	\$55.5 million	\$1.2 million	2.2%
Institutional Expenses	\$43.4 million	\$1.2 million	2.8%
Strategic Investments	\$541 million	\$600K	0.1%
Minimum Wage Increase	\$445 million	\$320K	0.1%
<b>Totals</b>	<b>\$541million</b>	<b>\$10.6 million</b>	<b>1.96%</b>

# Summary – Major FY2022 E&G Fund Cost Drivers

Cost Driver	Projected FY20 Cost Increase	Projected FY21 Cost Increase	Projected FY22 Cost Increase
Faculty, Staff and GE Salary and Wages	\$10.6 million	\$11.6 million	\$7.3 million
Medical Costs	\$1.9 million	\$2.5 million	\$1.2 million
Retirement Costs	\$7.1 million	(\$500K)	-
Institutional Expenses	\$1.0 million	\$1.5 million	\$1.2 million
Strategic Investments	\$2.0 million	\$2.0 million	\$600K
Minimum Wage Increase	\$1.0 million	\$1.9 million	\$320K
<b>Total Projected Cost Increases</b>	<b>\$23.6 million</b>	<b>\$19.0 million</b>	<b>\$10.6 million</b>

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- Key Sources of University Funding
- Cost Drivers
- E&G Fund Challenges
- Impact of COVID-19 on University Finances



# E&G Fund

- FY16, FY17 and FY18: Balanced budget due to state investment, tuition increases and budget cuts
- FY19: \$11.5 million deficit
- FY20: \$7.6 million deficit
- FY21: Balanced budget due to actions taken to mitigate impact of COVID-19

# Cost Drivers – PERS Costs

Projected Annual Increases	FY18	FY19	FY20	FY21	FY22
E & G Fund	\$7.1M	\$0	\$7.1M	\$0	\$7.1M
Other	\$3.4M	\$0	\$3.0M	\$0	<del>\$3.0M</del>
<b>Total</b>	\$10.5M	\$0	\$10.1M	\$0	\$10.1M

## Projected Cumulative PERS Increases

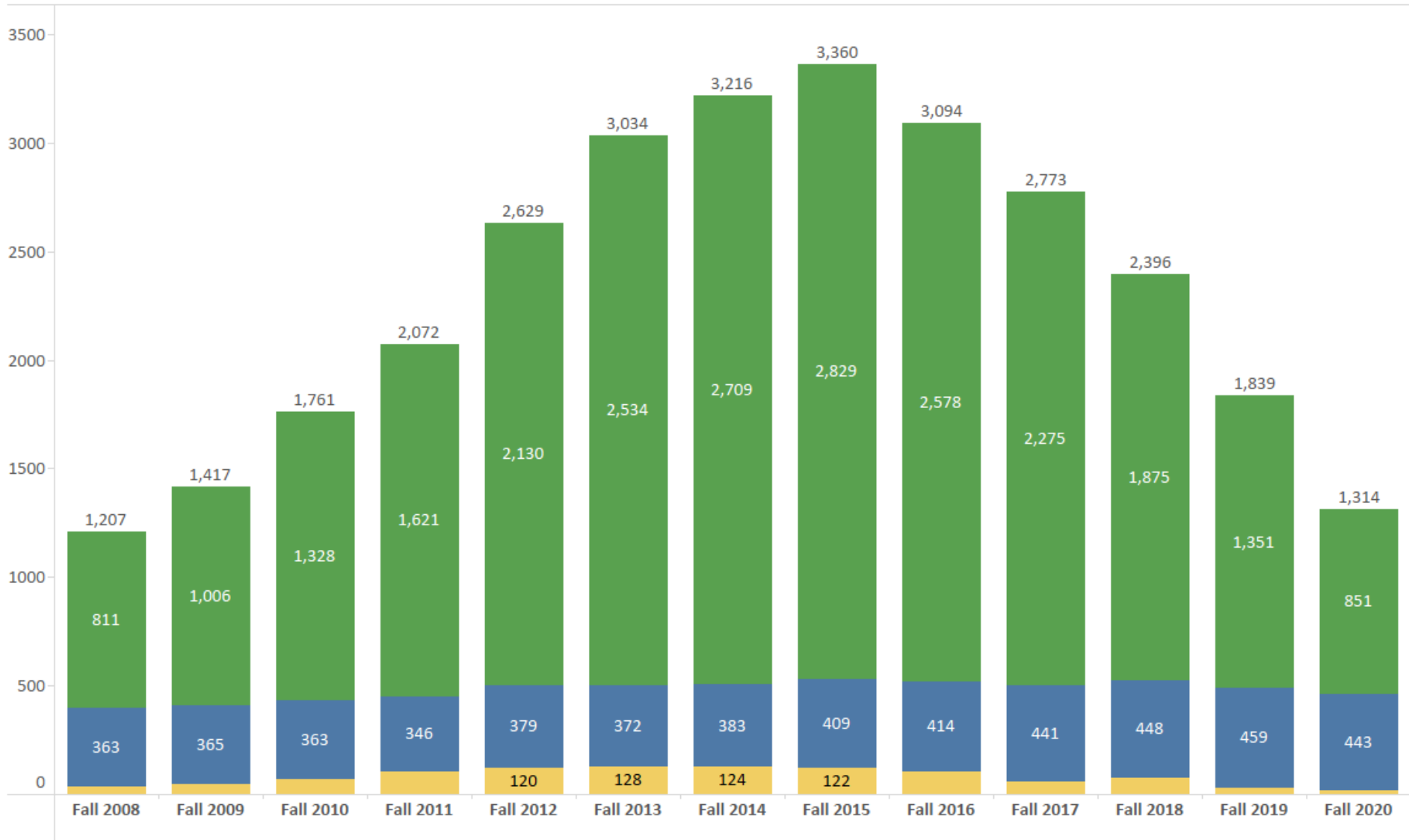




# International Student Enrollment

## Level

- Undergraduate
- Nonadmitt
- Graduate

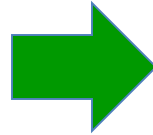


# Revenue Impact of Loss of International Students



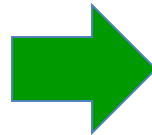
# E&G Fund: Revenue and Cost Dynamics

Revenue



80% Tuition &  
Fees Funded

Costs



80% Invested  
in People

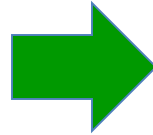
# Cost Dynamics – Personnel Costs

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"> <li>E&amp;G employee increases per existing collective bargaining agreement for approximately 1,402 faculty</li> <li>Also includes estimates of increases for 665 classified staff, 1,272 graduate employees, and approximately 1,034 unrepresented staff</li> <li>Figures are for employees paid with E&amp;G funds only</li> </ul>
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

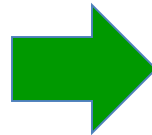
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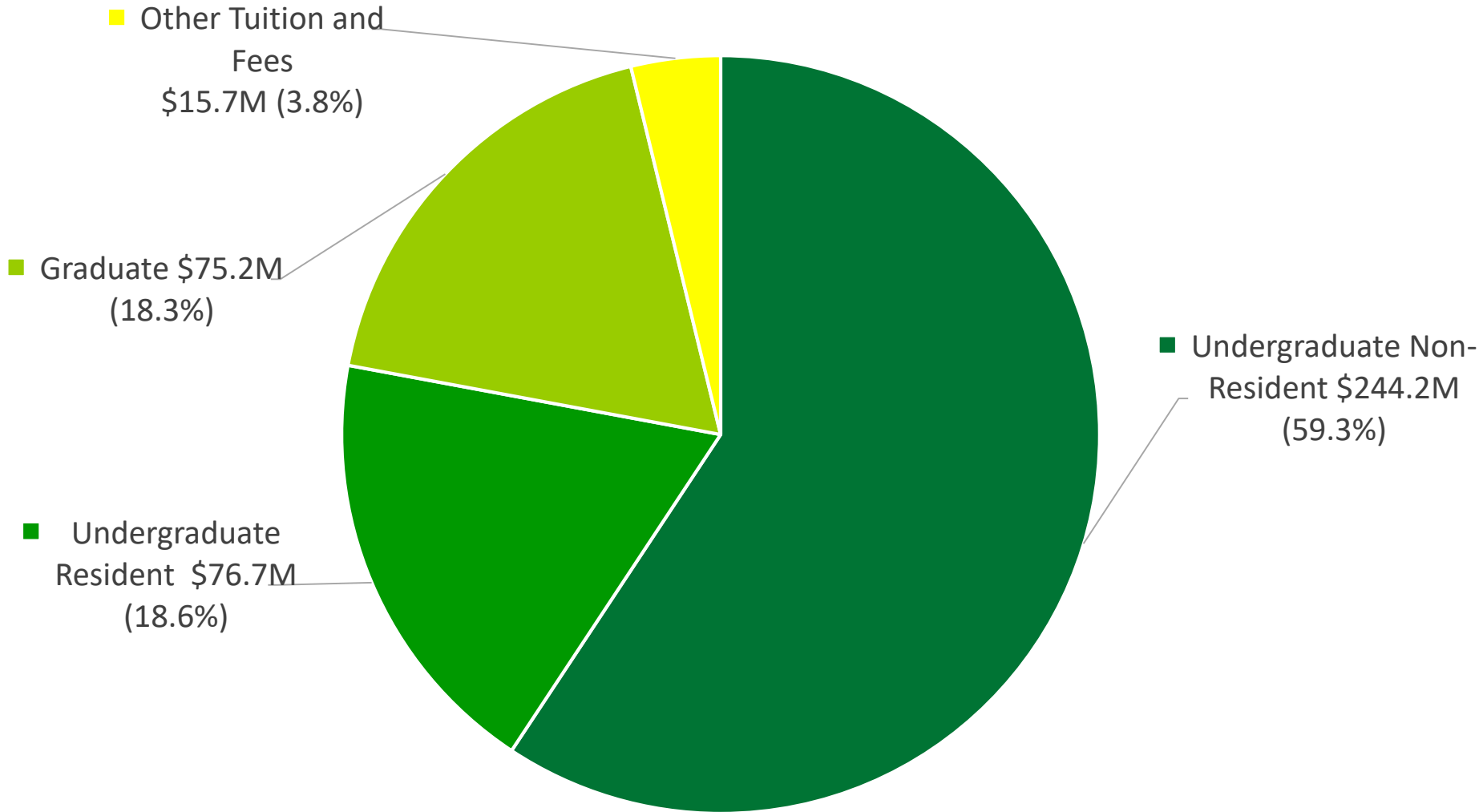
Costs



80% Invested  
in People

# FY21 E&G Fund Net Tuition Revenue

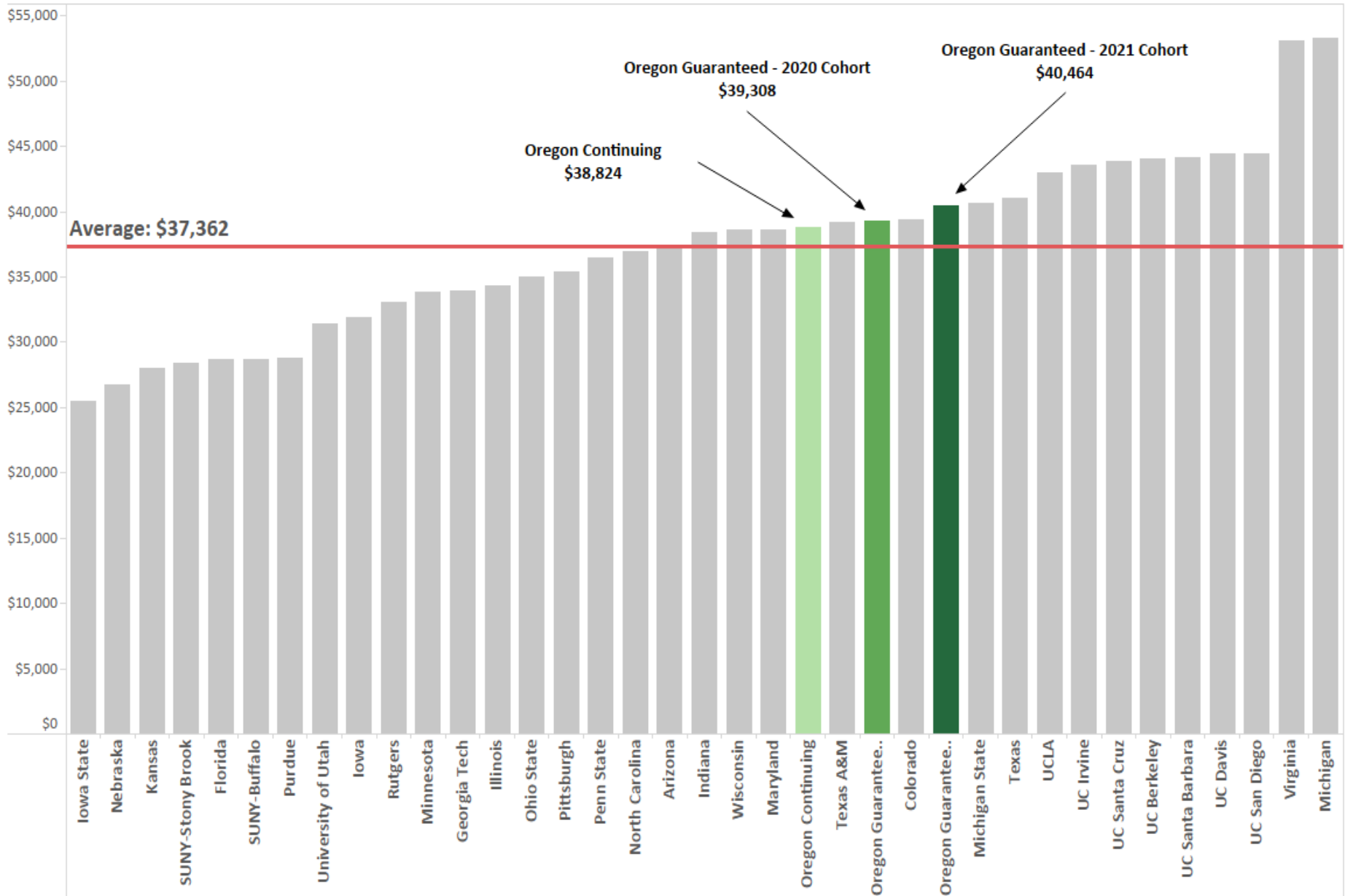
## Total: \$411.8 million



# AAU Publics

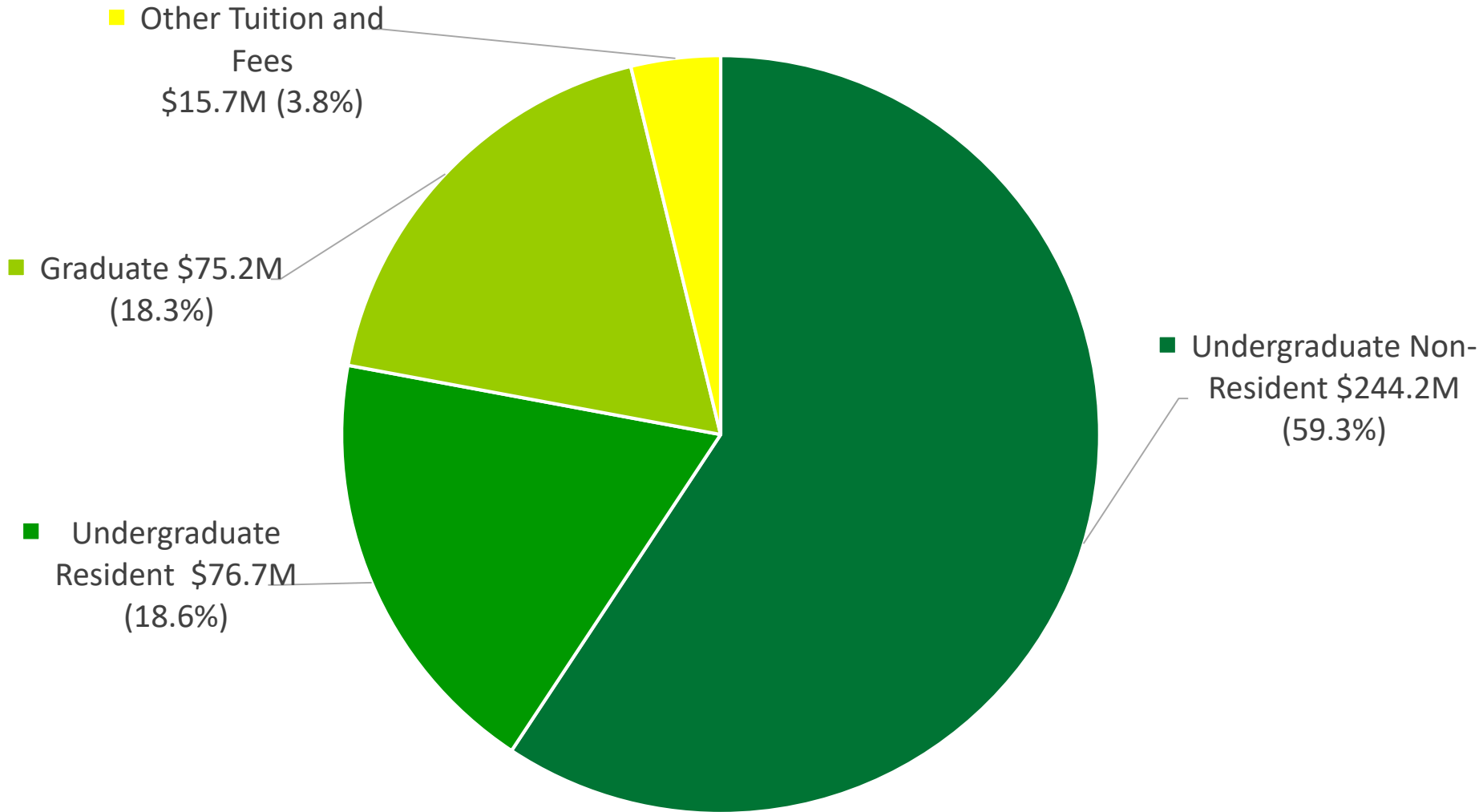
## 2021-22 Tuition and Mandatory Fees

### Nonresident Full-time Undergraduate



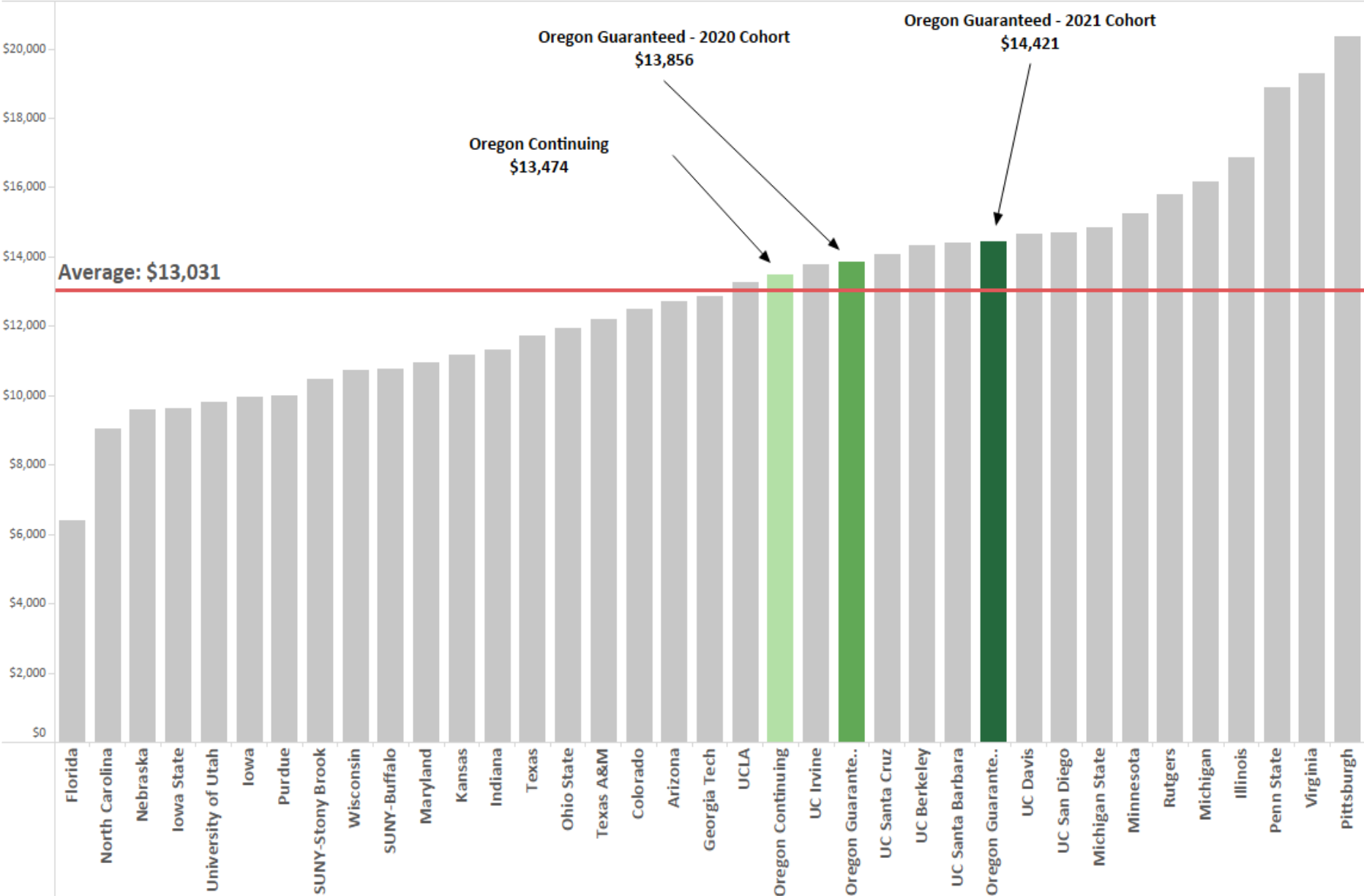
# FY21 E&G Fund Net Tuition Revenue

## Total: \$411.8 million

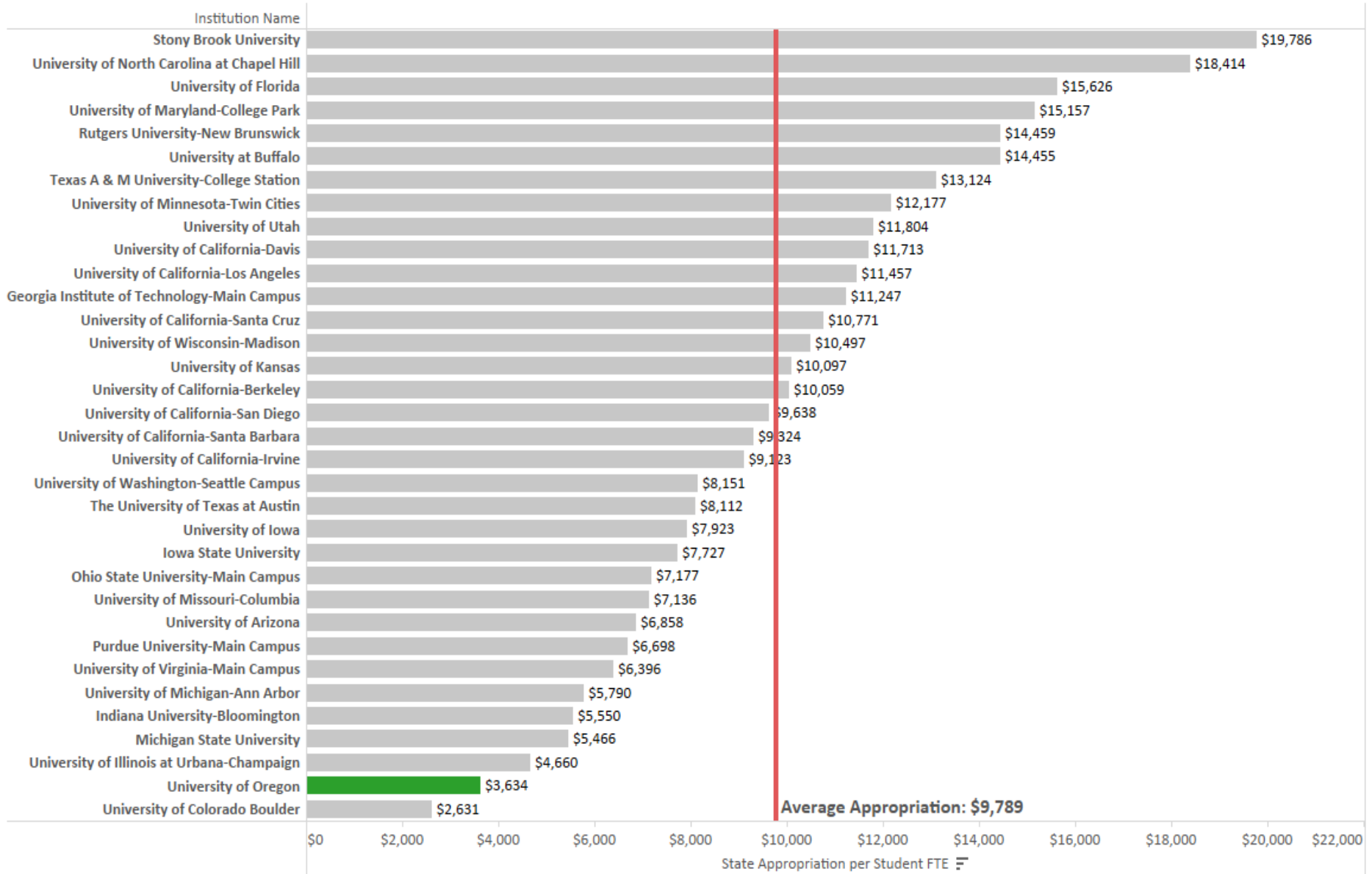




**AAU Publics**  
**2021-22 Tuition and Mandatory Fees**  
**Resident Full-time Undergraduate**



## State Appropriations per Student FTE among AAU Publics (FY2020)



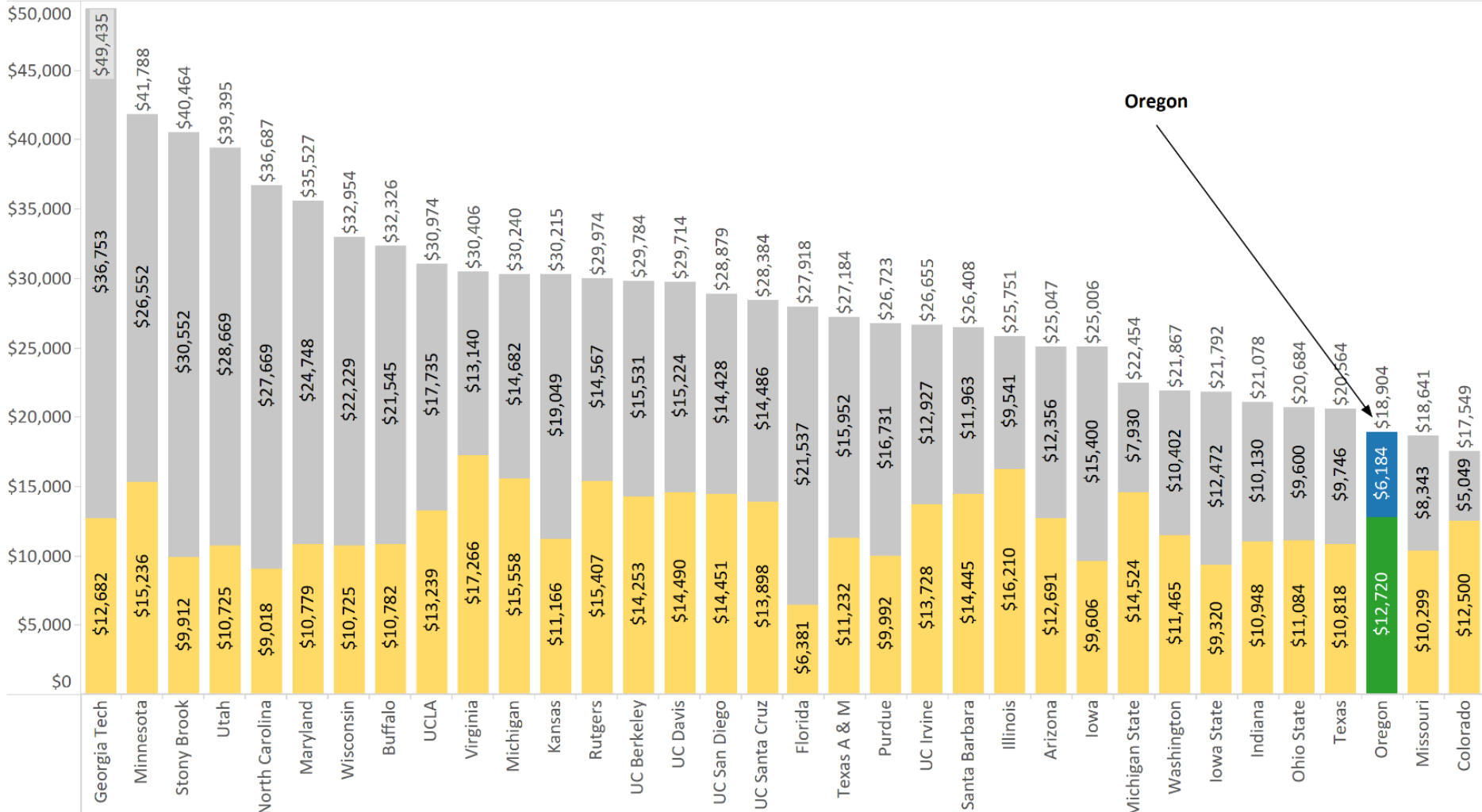
**Notes:**

1. Penn State University and University of Pittsburgh are excluded from the table because Pennsylvania has alternative state funding mechanisms.

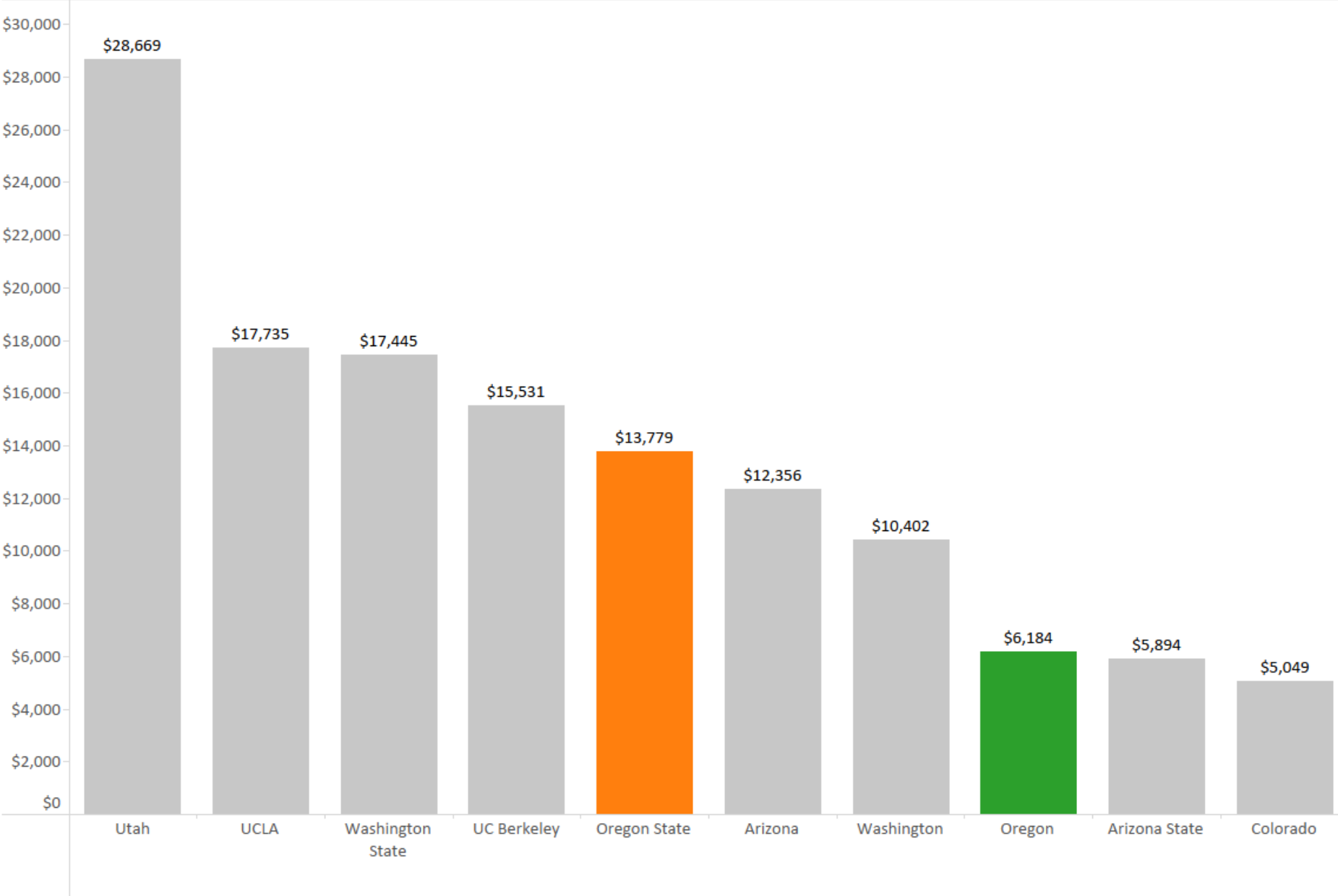
2. The Student FTE corresponds to a 12-month FTE.

Source: IPEDS Finance (FY2020) and Enrollment (FY2020).

# State Appropriations per Resident Student and Resident Tuition and Fees among AAU Publics (FY2020)



### State Appropriations per Resident among PAC-12 Publics (FY2020)



# Recent Cost Cutting

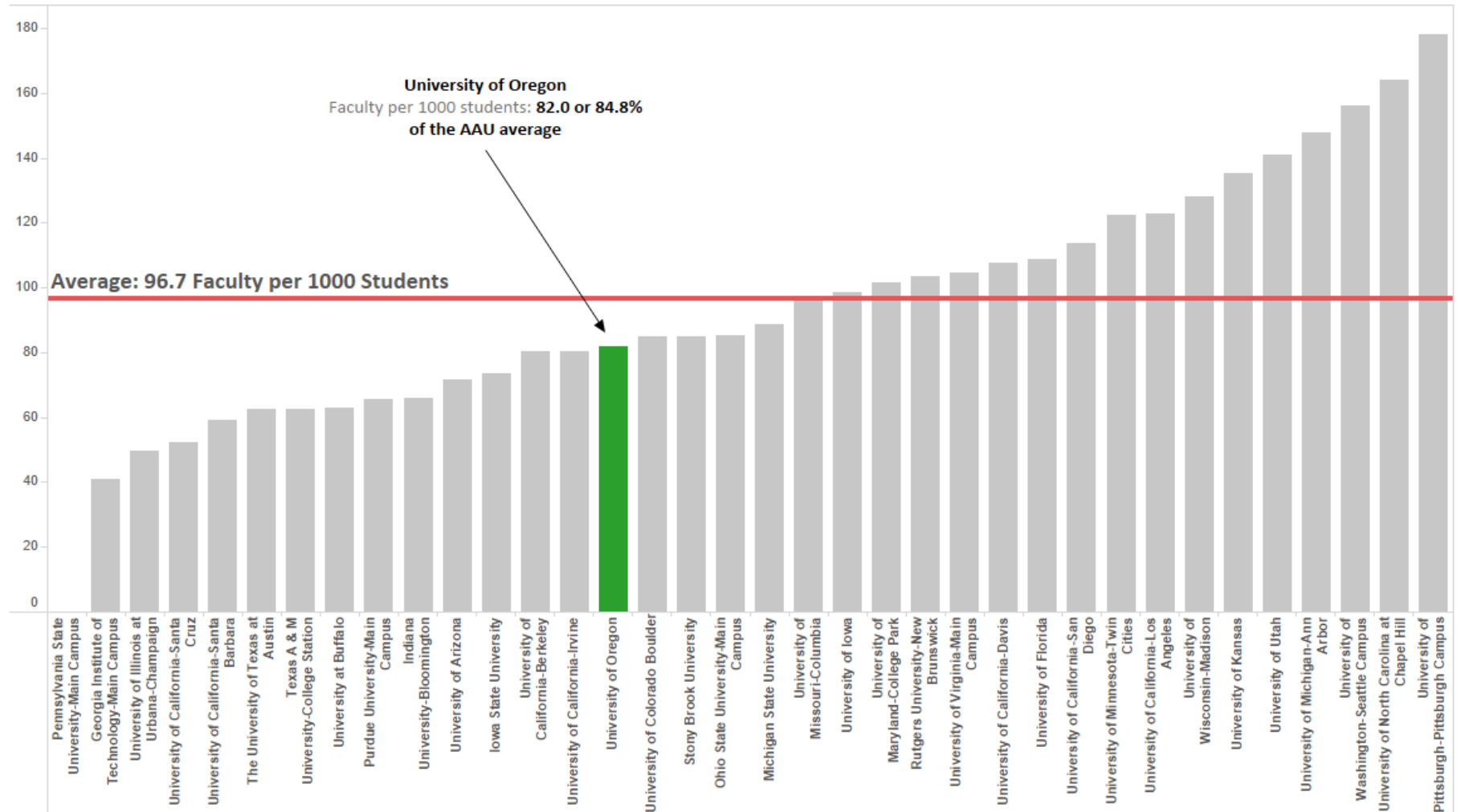
- FY2017
  - Administrative Cuts - \$3.0M
  - CAS Cost Cut - \$3.3M
- FY2018
  - Presidential Directed Cuts - \$4.5M
- FY2019
  - Administrative and Academic Cuts: \$11.6 million
- Three year total: \$22.4 million per year

# Teaching Faculty / Student Ratio – 84.8% of Peers

## Comparison of Faculty per 1,000 Students among AAU Publics

University of Oregon's Number of Faculty per 1,000 Student is 84.8% of the AAU Mean

FTE Faculty per FTE Students



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

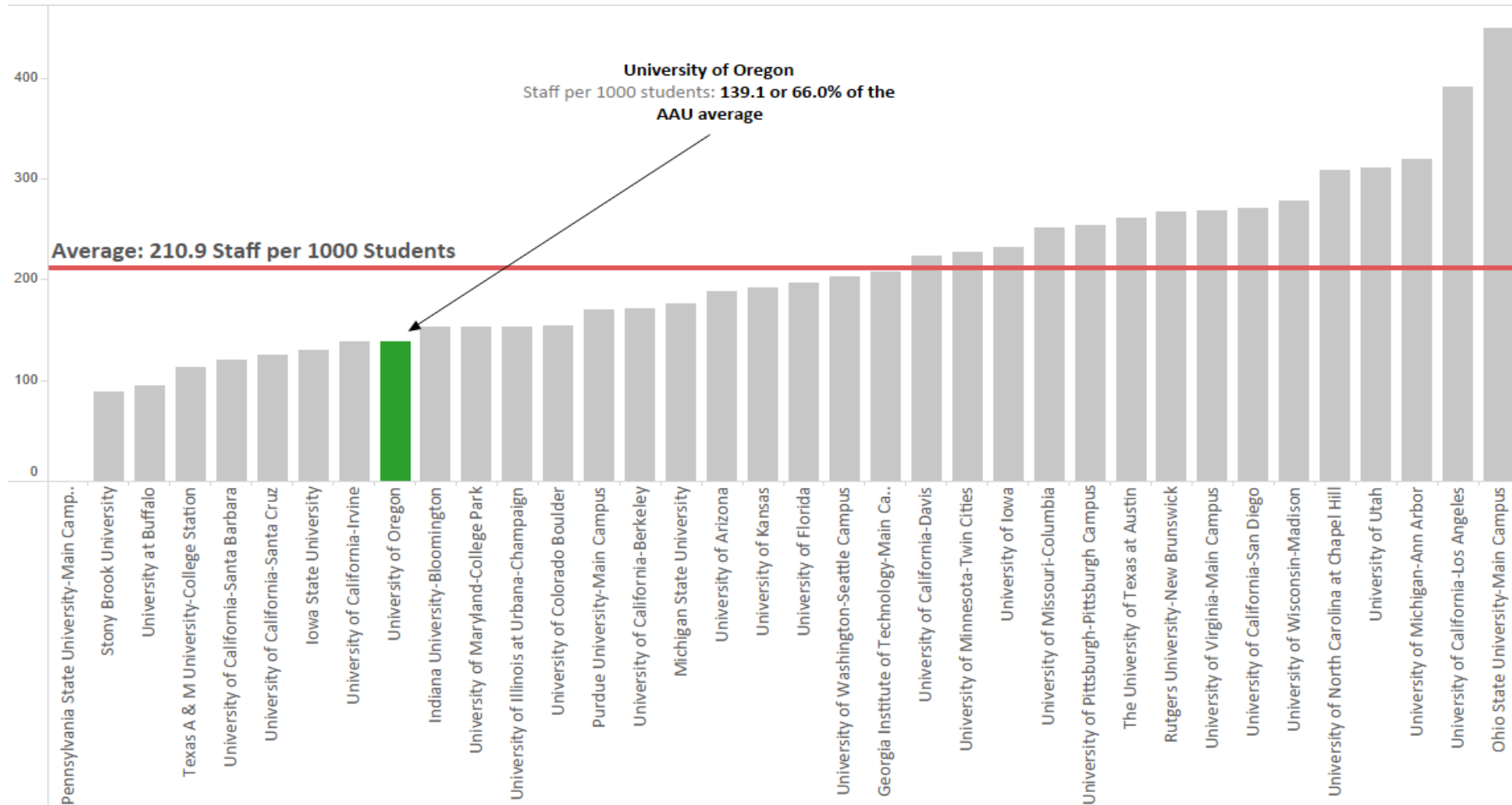
Source: IPEDS Human Resources and Enrollment (FY2020).

# Non-Teaching Faculty & Staff / Student Ratio – 66.0% of Peers

## Comparison of Staffing per 1,000 Students among AAU Publics

University of Oregon's Number of Staff per 1,000 Student is 66.0% of the AAU Mean

FTE Non-teaching Faculty and Staff per Student

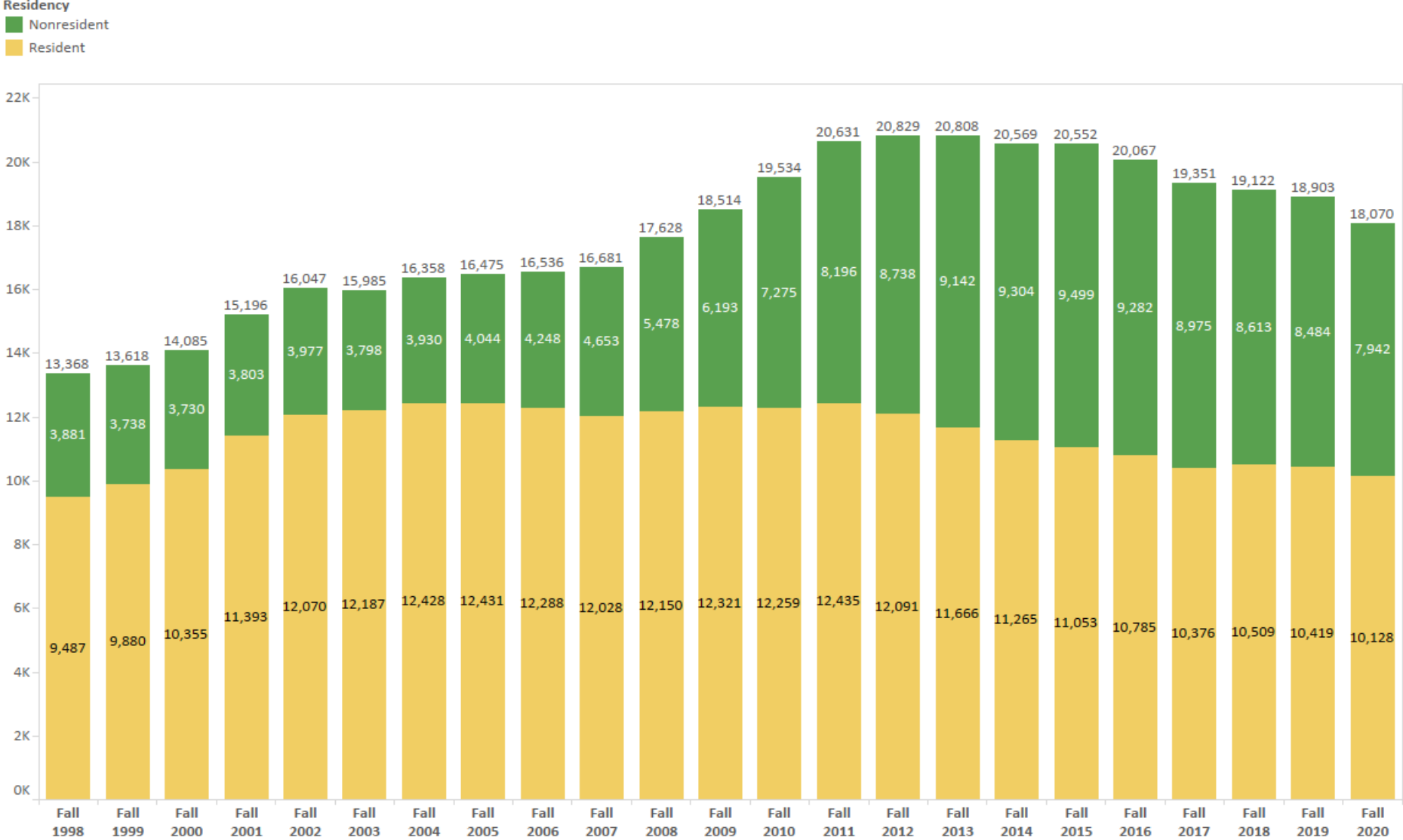


Note: The ratio of staff to students is based on non-teaching faculty and staff FTE to student FTE.

Source: IPEDS Human Resources and Enrollment (FY2020).

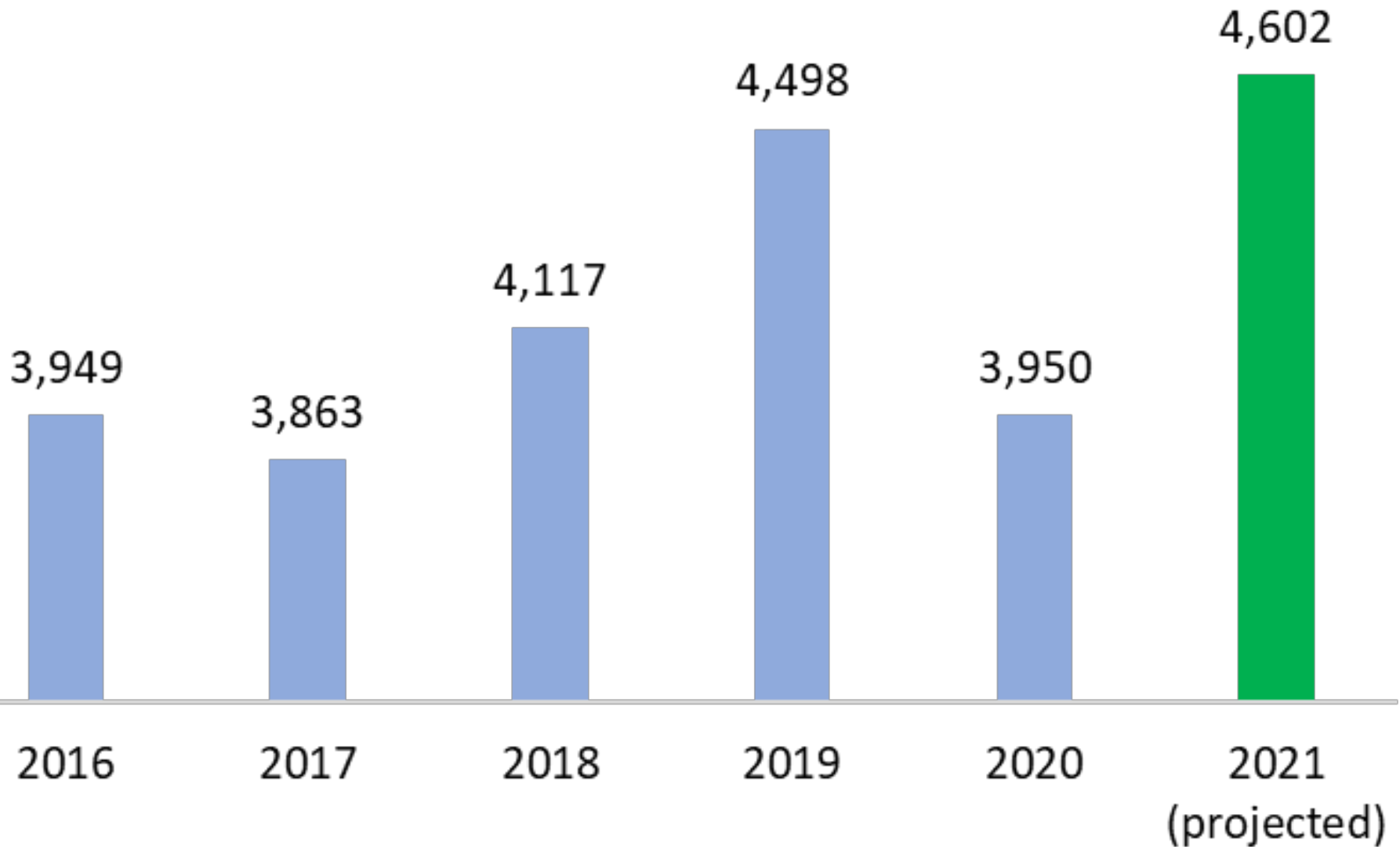
# Campus Enrollment

## UNIVERSITY OF OREGON Undergraduate Enrollment by Residency





# First Year Students – Fall Term



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# COVID Shutdown: March 2020

- UO at end of winter term. Institution faced considerable risk related to Spring term.
- Enrollments held steady Spring term.
- However, significant impact on campus auxiliary operations due to shut down
  - Housing dropped to under 200 students in dorms
  - Student Rec Center closed – student fees not charged
  - EMU almost completely closed – student fees not charged
  - Child care centers closed
  - Parking activity down

# FY2020: Impact of COVID-19 on Auxiliary Operations

Auxiliary Operation	FY2020 COVID-19 Impact	Notes
Housing and Dining	\$11.6 million	Spring term – over 95% drop in number of students living on campus. Full refunds provided for housing and dining fees.
Health Center	\$0.7 million	
Athletics	No losses spring term	PAC-12 distribution maintained; HR actions, spending freeze, and other expense reductions implemented
EMU	\$1.1 million	Spring term student fees refunded as most operations in building closed.
PE & Rec	\$2.6 million	Spring term student fees refunded as center was closed
Transportation Services	\$577K	
Olum Child Care	\$253K	Child care services closed Spring term.
Printing and Mailing	\$103K	
<b>Total Losses</b>	<b>\$16.9 million</b>	

# Actions Taken to Reduce Expenditures

- Hiring Freeze
- Pay Action Freeze
- Travel freeze (for health reasons)
- Voluntary pay reductions – senior leadership (President, Provost, Vice Presidents, Deans, Athletic Director)
- HR actions in Auxiliary Operations (Leave without Pay with extended benefits; FTE reductions, Layoffs)
- Agreement with United Academics to extend collective bargaining agreement (with no annual salary increase) to June 2021
- Workshare program – summer FTE reduction program
- Direction to limit Services and Supplies (“S&S”) expenditures to essential expenses
- Progressive Pay Reduction Plan (“PPR”)

# FY2021 E&G Fund Projections

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- COVID-19 pandemic dramatically affecting FY21 E&G fund finances
- Total student enrollment down 3.6% from last year, mainly driven by 12.1% drop in first year undergraduate students
- Undergraduate tuition for FY2021 dropped by over \$25 million due to COVID
- Reduction in number of first year students will affect E&G fund for the next 3-4 years
- However, COVID-19 related one time cost savings (e.g., S&S reductions, workshare savings, etc.) mitigated the revenue losses in the E&G fund for FY2021

# FY2021: Updated Auxiliary Operation Projections

Auxiliary	Initial FY21 Scenarios Size of Loss	Dec Update FY21 Proj Size of Loss	March Update FY21 Proj Size of Loss	May Update FY21 Proj Size of Loss	Notes
Housing and Dining	\$11.0 million to \$15.1 million	\$9.9 million	\$9.4 million	\$8.2 million	Fall 2020 Housing Residents down approximately 38%. Winter 2021 Housing Residents down approximately 40%. Spring housing residents on track with expectations for the year.
Health Center	\$1.0 million to \$2.2 million	\$0.2 million	\$1.5 million	\$1.5 million	Additional revenue loss due to increased Covid-19 activities, as well as lower enrollment
Athletics	\$56.3 million to \$81.1 million	\$63.0 million	\$63.0 million	\$55.0 million	Additional gift revenue transferred from Foundation; further expense reductions
EMU	Up to \$1.6 million	No loss	No loss	No loss	Expenses reduced to match projected revenue. Incidental fee funding intact.
PE & Rec	Up to \$2.1 million	\$1.1 million	\$1.2 million	\$300K	Significant loss of other revenue offset with additional expense reduction actions

# Federal COVID Relief Funds

	Allocation	Spend (through 09/30/21)	Remaining
<b>Student</b>			
HEERF I (CARES)	8,047,973	8,047,973	-
HEERF II (CRRSAA)	8,047,973	6,602,848	1,445,125
HEERF III (ARP)	<u>21,425,659</u>	<u>-</u>	<u>21,425,659</u>
<b>Total</b>	<b>37,521,605</b>	<b>14,650,821</b>	<b>22,870,784</b>
<b>Institutional</b>			
HEERF I (CARES)	8,047,973	8,047,973	-
HEERF II (CRRSAA)	16,102,896	14,629,816	1,473,080
HEERF III (ARP)	<u>21,390,060</u>	<u>1,179,457</u>	<u>20,210,603</u>
<b>Total</b>	<b>45,540,929</b>	<b>23,857,246</b>	<b>21,683,683</b>
<b>Total</b>			
HEERF I (CARES)	16,095,946	16,095,946	-
HEERF II (CRRSAA)	24,150,869	21,232,664	2,918,205
HEERF III (ARP)	<u>42,815,719</u>	<u>1,179,457</u>	<u>41,636,262</u>
<b>Total</b>	<b><u>83,062,534</u></b>	<b><u>38,508,067</u></b>	<b><u>44,554,467</u></b>



# Federal COVID Relief Funds

## Spend by Project (through 09/30/2021)

Direct Student Support	14,650,821
Reimburse Housing for Student Refunds - Room & Board - Spring, 2020	5,500,000
Student Fee Refunds - Online Fee	4,997,665
Testing/tracing program (including CoronaCorps)	2,880,364
Lost Revenue - Tuition	1,461,330
Direct COVID-19 Expenses - University Health Services	1,320,543
Direct COVID-19 Expenses - CPFM	1,231,193
Lost Revenue - University Health Services	1,179,457
Reimburse PE&Rec for Student Refunds - Rec Center Fees - Spring, 2020	1,150,000
Lost Revenue - Parking & Transportation	1,000,000
Lost Revenue - Research Service Centers	880,000
Transition in-person classes to remote/online	735,420
Replace bathroom fixtures to allow hands-free operation	536,752
Personal Protective Equipment for students/faculty/staff	332,279
Direct COVID-19 Expenses - Information Services	329,004
Lost Revenue - Printing	100,000
Student Vaccination Incentive Awards	50,000
Installation of Plexiglass panels in common areas	49,100
Campus signage and decals (i.e., proper spacing in elevators)	30,943
Sanitizing stations and supplies in common areas and classrooms	28,623
Changes to building air handling equipment to allow greater outside air circulation	28,019
Large exterior tents to allow for additional physical distancing	18,387
Other Campus-wide Expenses	<u>18,164</u>
	<b>38,508,067</b>