

# **University of Oregon Financial Briefing**

**Tuition & Fee Advisory Board  
October 30<sup>th</sup>, 2020**

# Agenda

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

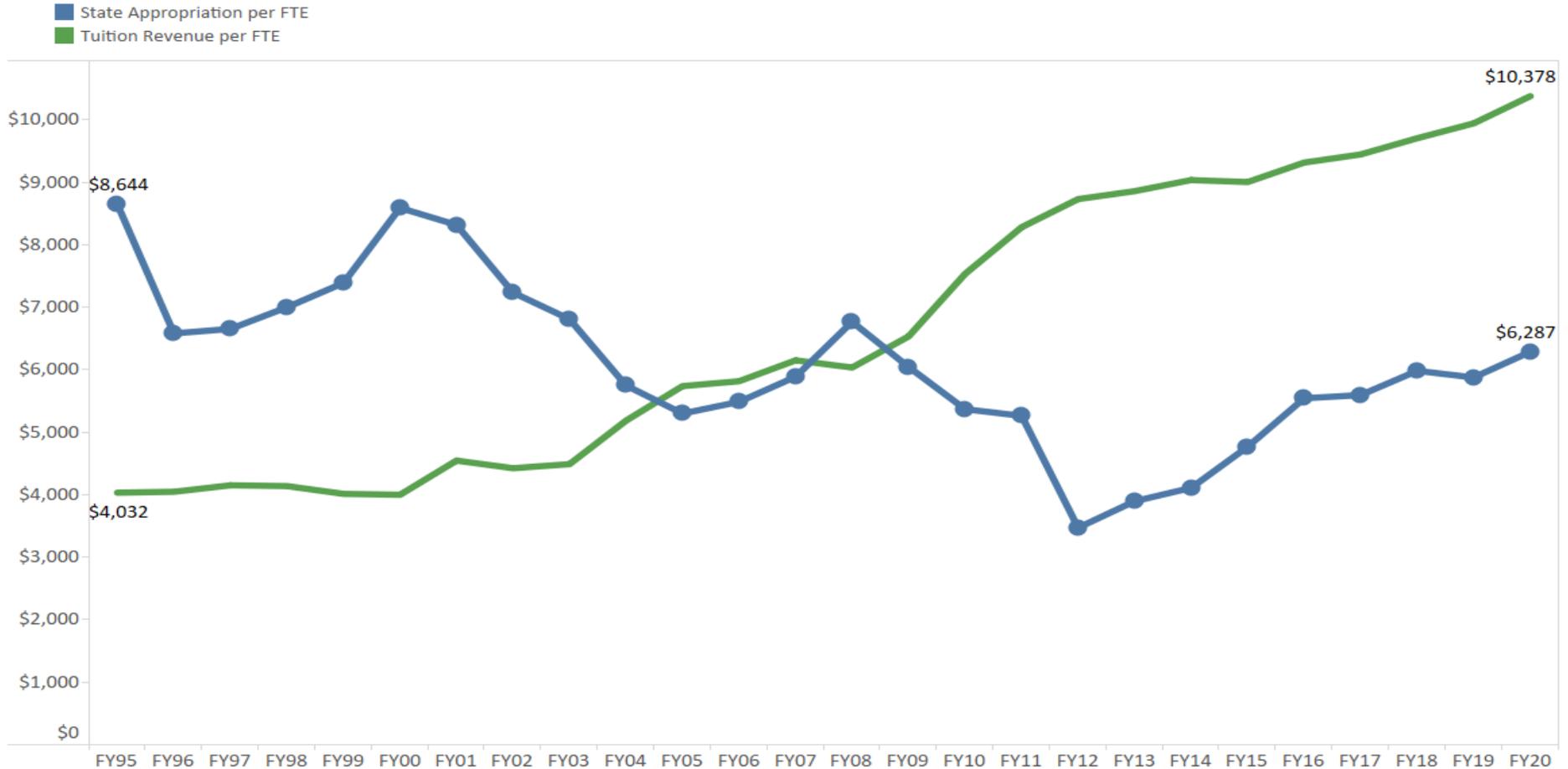
Restricted Gifts

# Decreased levels of State Appropriation



# 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 2020 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, 2020.

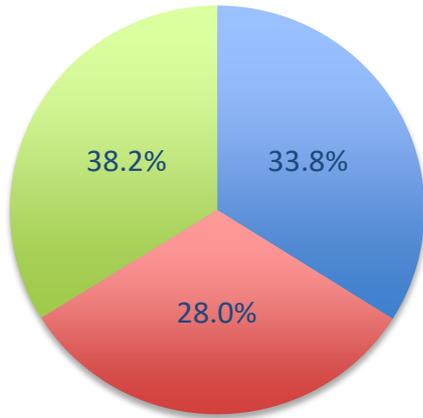
*Source:* UO Office of Institutional Research.

# University Resources FY2020 Major Revenue Streams (E&G Fund)

<i>State Appropriation</i>	\$79.5 million
<i>Resident Net Tuition</i>	\$116.4 million
<i>Non-resident Net Tuition</i>	\$285.6 million

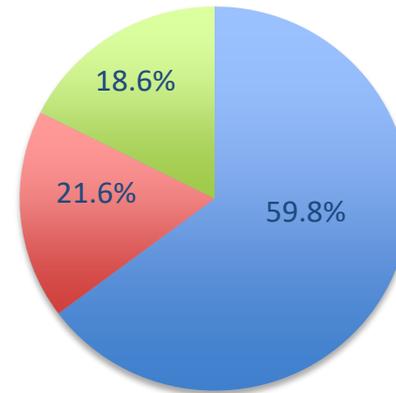
# Increasing Dependence Upon Nonresident Tuition

## FY2005 – Revenue Breakdown



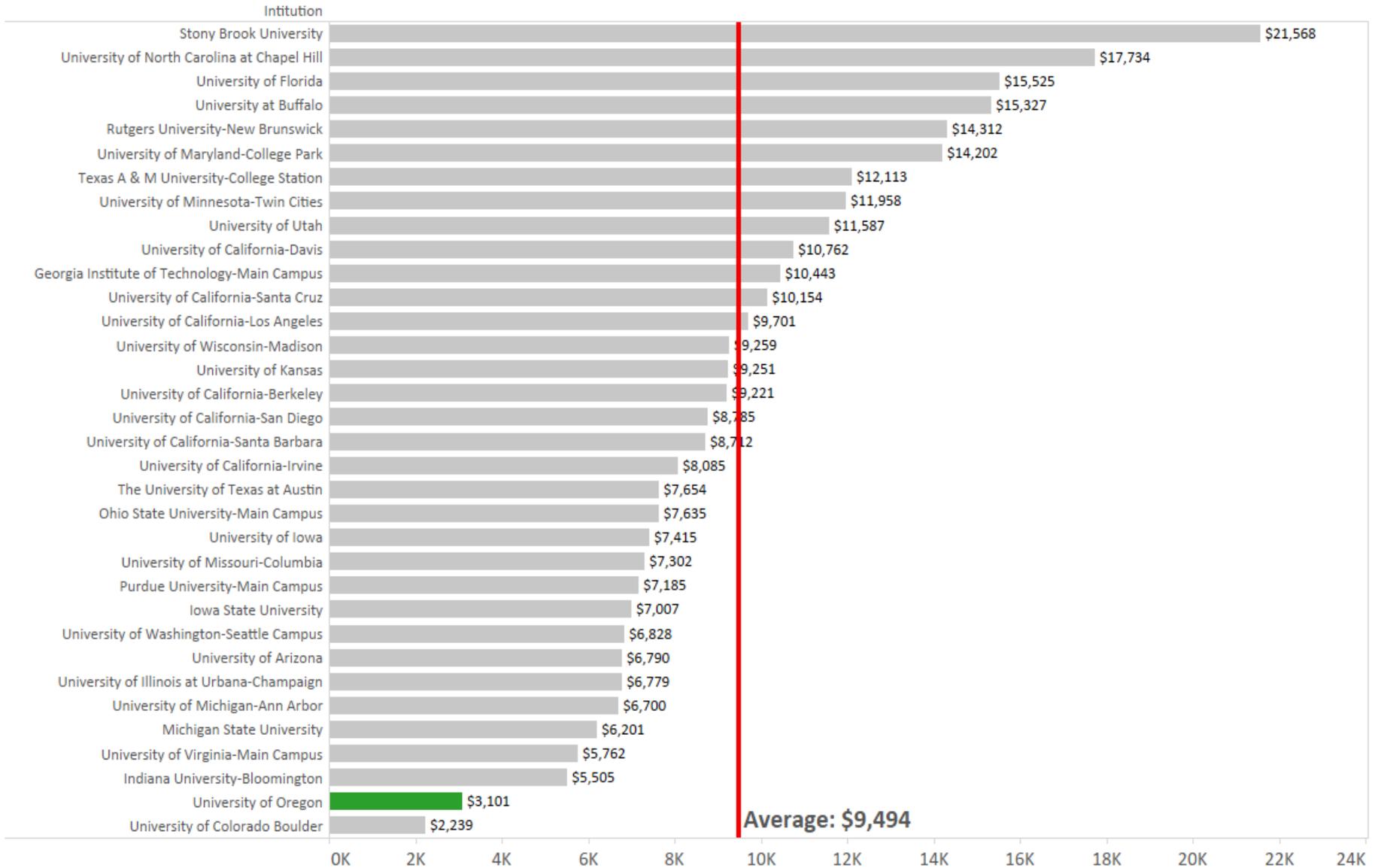
- Nonresident Tuition as % of Total Three sources
- Resident Tuition as % of Total Three sources
- State Appropriation as % of Total Three sources

## FY2020 – Revenue Breakdown



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

## State Appropriations per Student FTE among AAU Publics (FY2018)



- 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 (FY2018) and Enrollment (FY2018).

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# UO Budget Structure

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Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
and Designated Ops  
Funds

Restricted Gifts

# Summary – Major FY2021 E&G Fund Cost Drivers

Cost Driver	FY21 Cost Increase	Notes
Faculty, Staff and GE Salary and Wages	\$11.6M	E&G employee increases based on existing collective bargaining agreement for approximately 1,435 faculty, 660 classified staff, and 1,281 graduate employees. Also includes estimate for approximately 1,055 unrepresented staff. Figures are for employees paid with E&G funds only.
Medical Costs	\$2.5M	Actual December 2019 increase of 6.5% due to new tax, and estimated next December 2020 increase of 3.5%.
Retirement Costs	(\$0.5M)	Includes savings on composition of retirement tiers and from pension bond debt rate reduction. Includes cost of new legislation adding PERS rates charges for UO employed retirees.
Institutional Expenses	\$0.5M	Increases related to utilities, insurance, debt for academic buildings, assessments, and leases.
Strategic Investments	\$2.0M	Allocated via strategic investment process.
Minimum Wage Increase	\$1.9M	Increases per State of Oregon minimum wage increase to \$12.75/hr including associated OPE.
<b>Total Projected Cost Increases</b>	<b>\$18.0M</b>	

# Summary – Major FY2021 E&G Fund Cost Drivers

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Cost Driver	FY20 Base	FY21 Cost Increase	FY21 % Increase
Faculty, Staff and GE Salary and Wages	\$442.1M	\$11.6M	2.6%
Medical Costs	\$53.8M	\$2.5M	4.6%
Retirement Costs	\$59.5M	(\$0.5M)	(0.8%)
Institutional Expenses	\$38.9M	\$0.5M	1.3%
Strategic Investments	\$564.1M	\$2.0M	0.4%
Minimum Wage Increase	\$442.1M	\$1.9M	0.4%
<b>Totals</b>	<b>\$564.1M</b>	<b>\$18.0M</b>	<b>3.2%</b>

# Summary – Major FY2021 Projected E&G Fund Cost Drivers

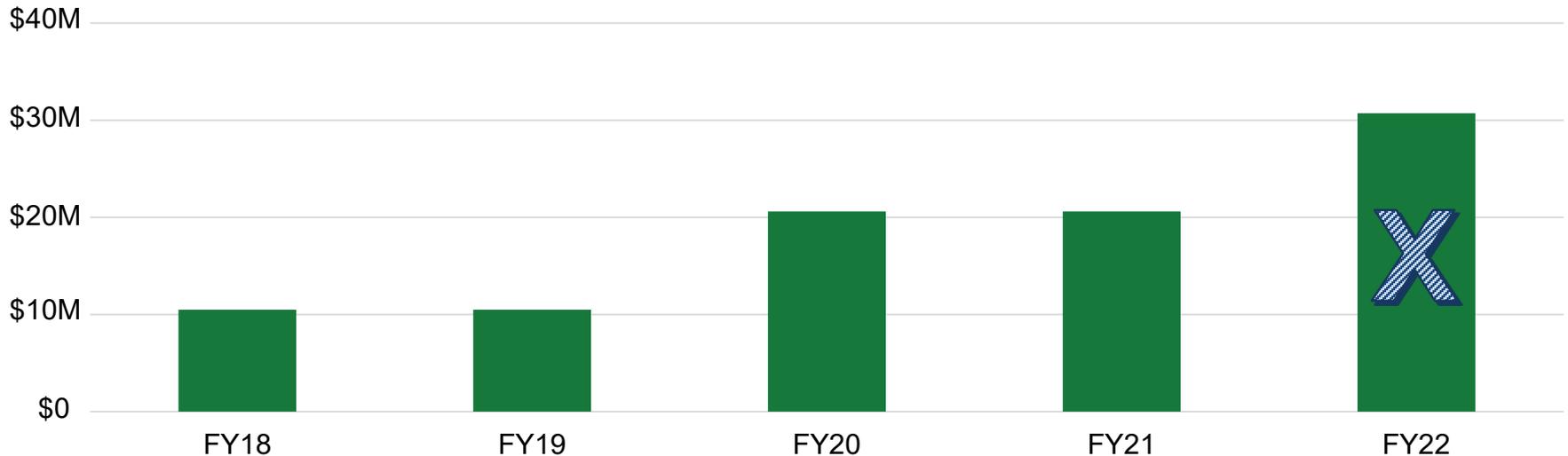
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Cost Driver	FY19 Cost Increase	FY20 Cost Increase	FY21 Cost Increase
Faculty, Staff and GE Salary and Wages	\$10.8M	\$10.6M	\$11.6M
Medical Costs	\$1.8M	\$1.9M	\$2.5M
Retirement Costs	n/a	\$7.1M	(\$0.5M)
Institutional Expenses	\$0.6M	\$1.0M	\$0.5M
Strategic Investments	\$2.0M	\$2.0M	\$2.0M
Investments in Tenure Track Faculty	\$1.5M	n/a	n/a
Minimum Wage Increase	n/a	\$1.0M	\$1.9M
<b>Total Projected Cost Increases</b>	<b>\$16.7M</b>	<b>\$23.6M</b>	<b>\$18.0M</b>

## 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



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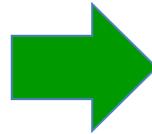


# E&G Fund

- 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

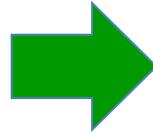
# E&G Fund: Revenue and Cost Dynamics

Costs



79% Invested  
in People

Revenue



79% Tuition &  
Fees Funded

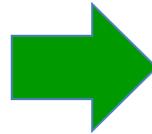
# Cost Dynamics – Personnel Costs

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

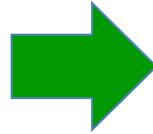
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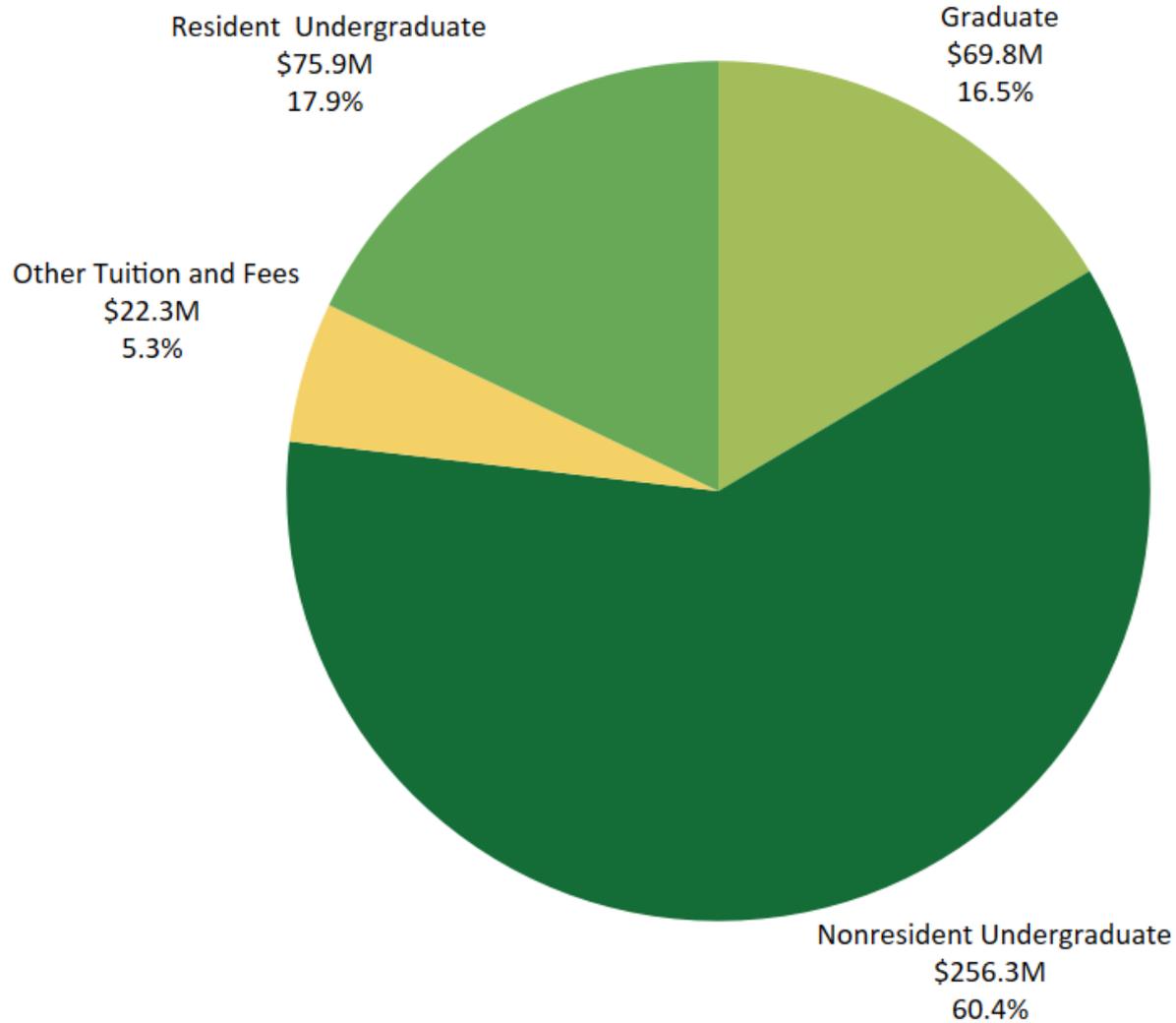
Revenue



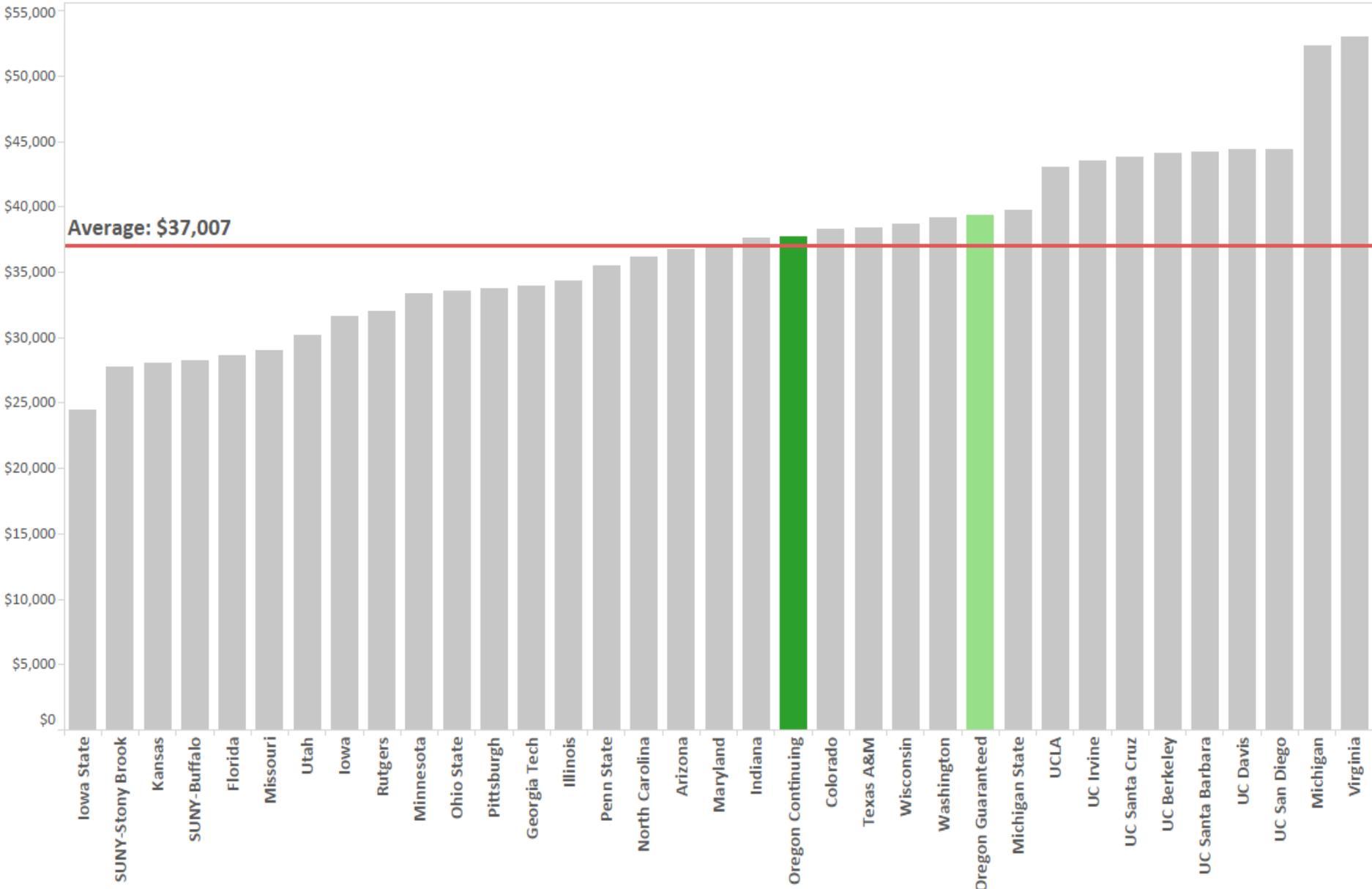
79% Tuition &  
Fees Funded

# FY20 E&G Fund Net Tuition Revenue

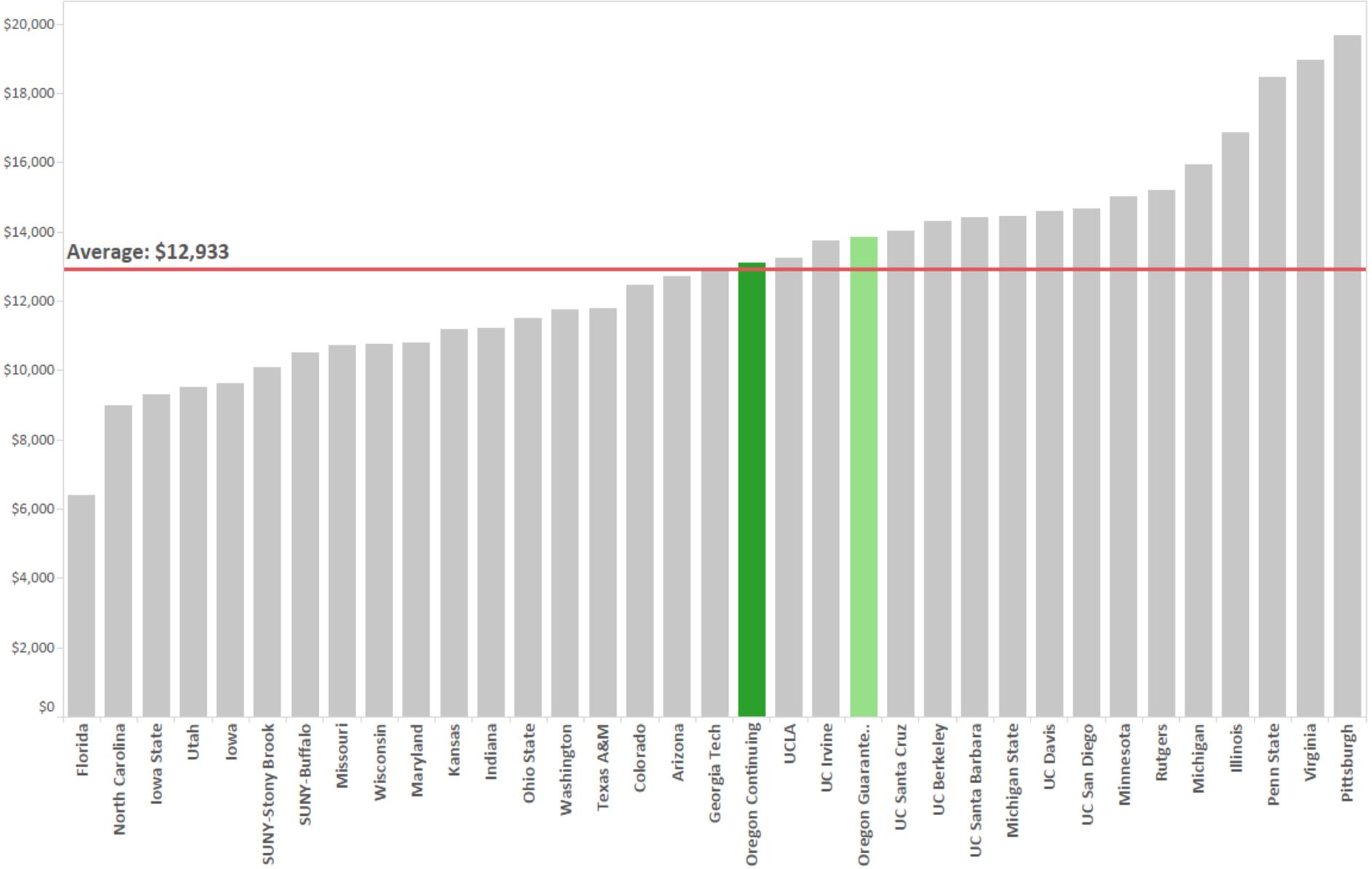
## Total: \$424.3M



**AAU Publics**  
**2020-21 Tuition and Mandatory Fees**  
**Nonresident Full-time Undergraduate**



**AAU Publics**  
**2020-21 Tuition and Mandatory Fees**  
**Resident Full-time Undergraduate**



# Recent Cost Cutting

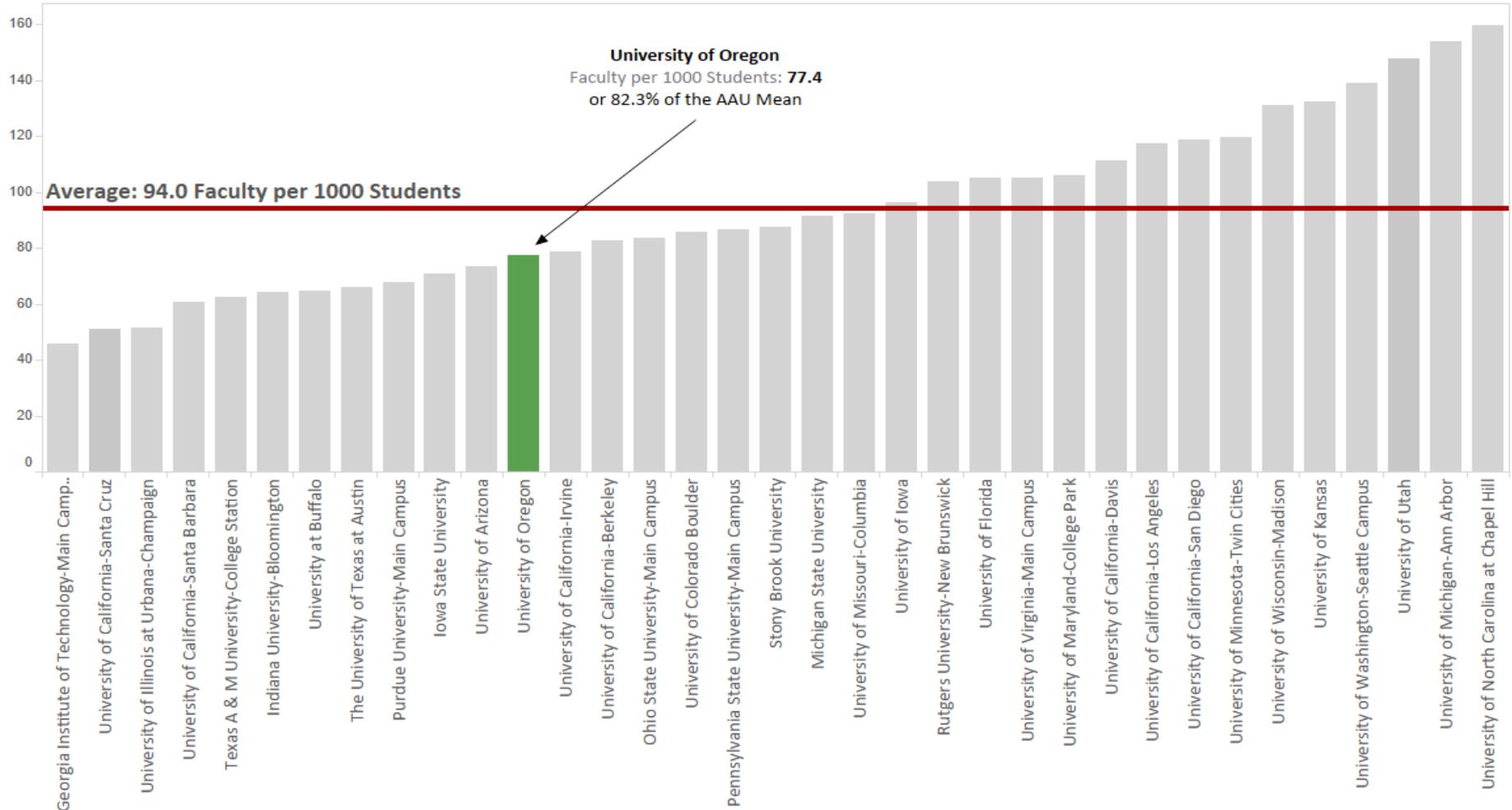
- FY2017
  - Administrative Cuts - \$3.0M
  - CAS Cost Cut - \$3.3M
- FY2018
  - Presidential Directed Cuts- \$4.5M
- FY2019:
  - Administrative and Academic Cuts: \$11.6 million
- Three year total: \$22.4 million per year

# Faculty / Student Ratio – 82.3% of Peers

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

*University of Oregon's Number of Faculty per 1,000 Student is 82.3% of the AAU Mean*

FTE Faculty per FTE Students



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

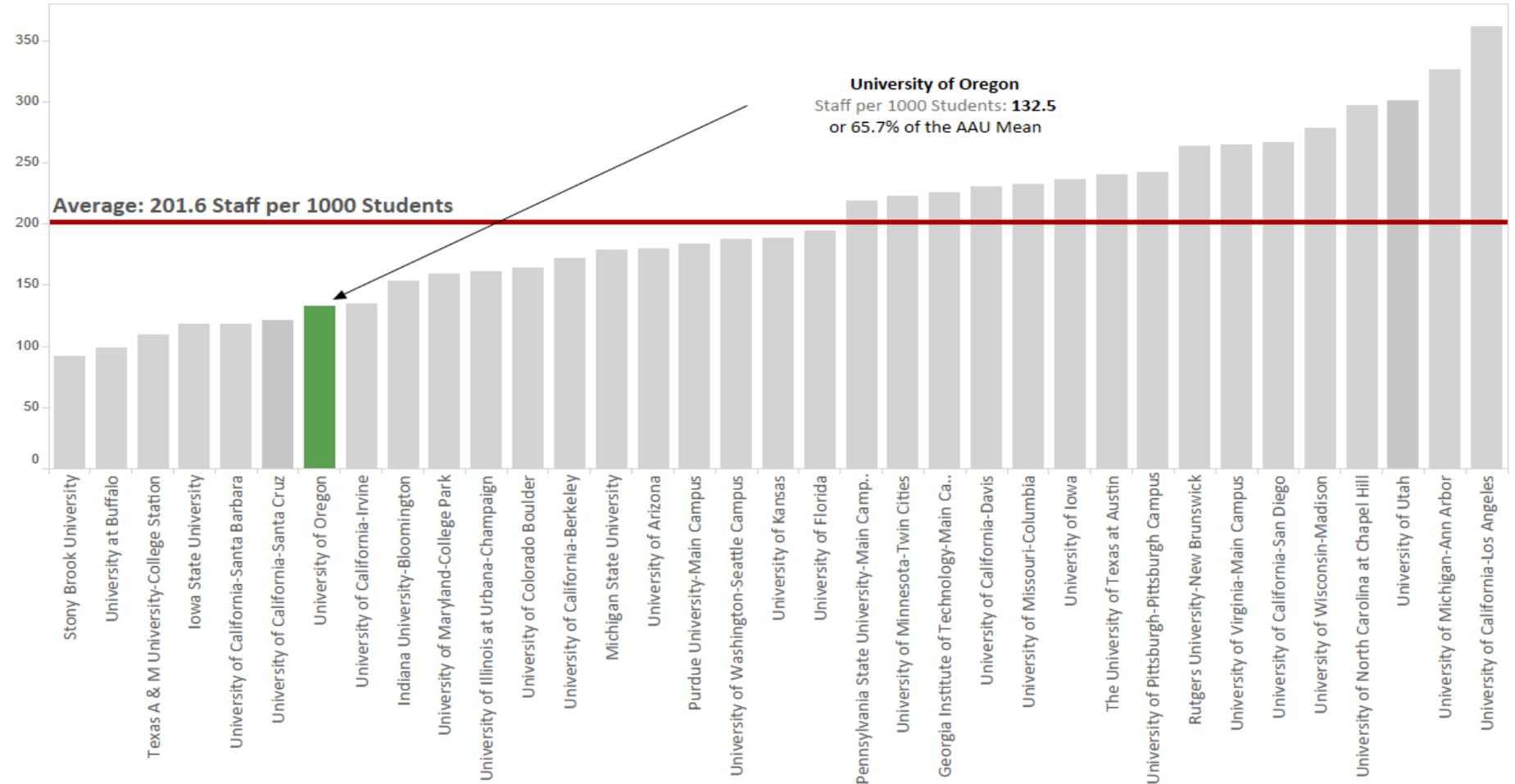
Source: IPEDS Human Resources and Enrollment (FY2018).

# Staff / Student Ratio – 65.7% of Peers

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

University of Oregon's Number of Staff per 1,000 Student is 65.7% of the AAU Mean

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).

# Agenda

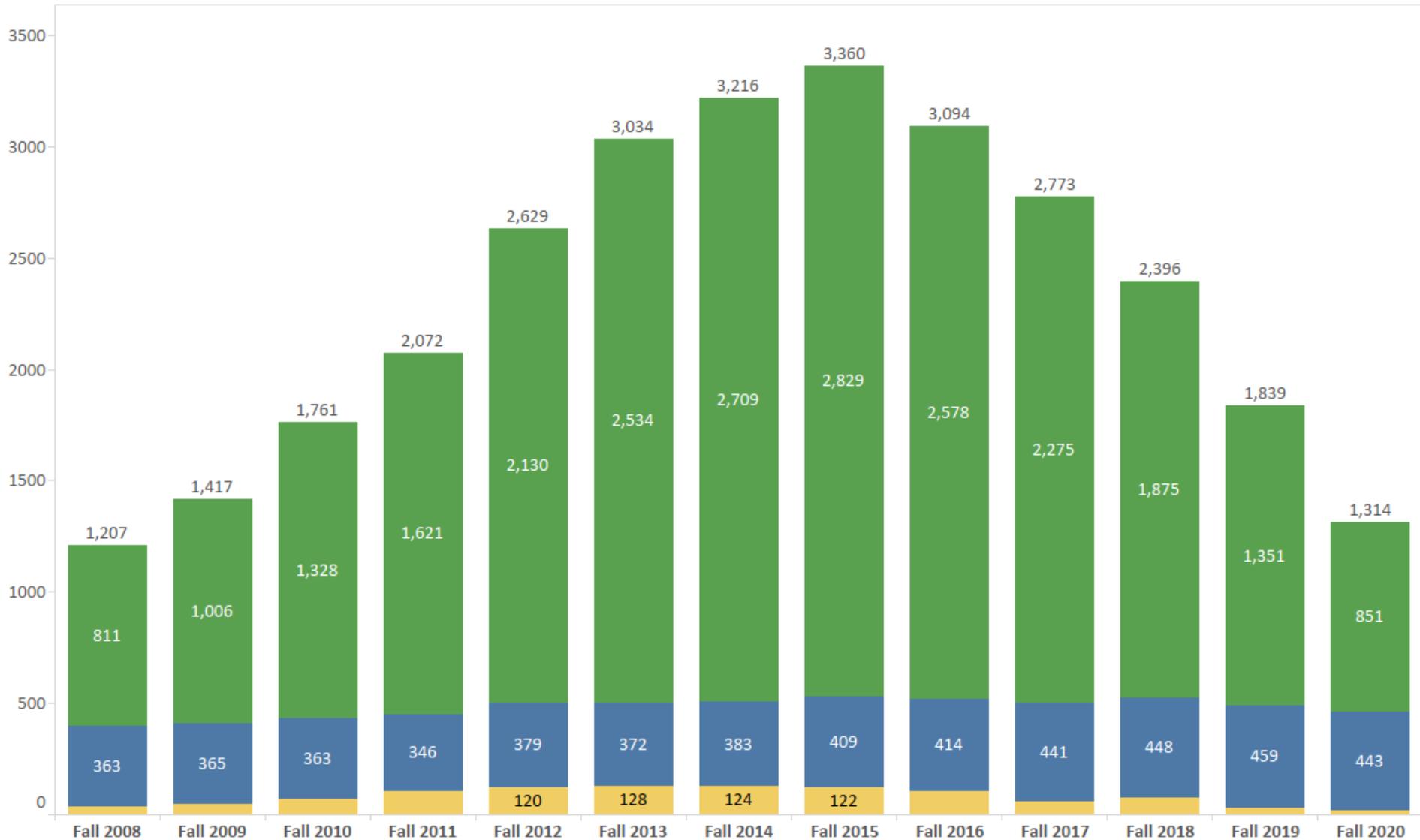
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# International Student Enrollment

## Level

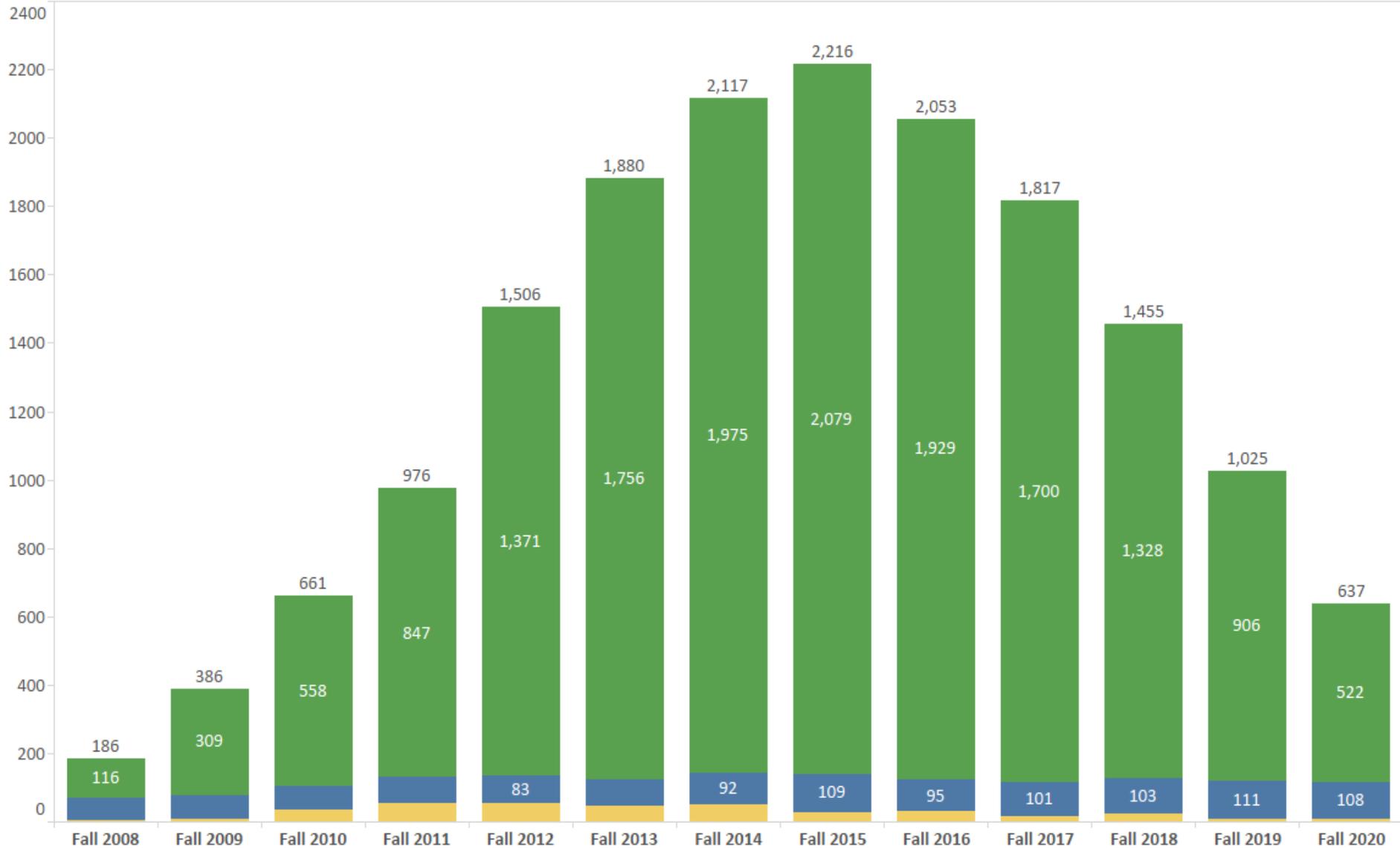
- Undergraduate
- Nonadmitt
- Graduate



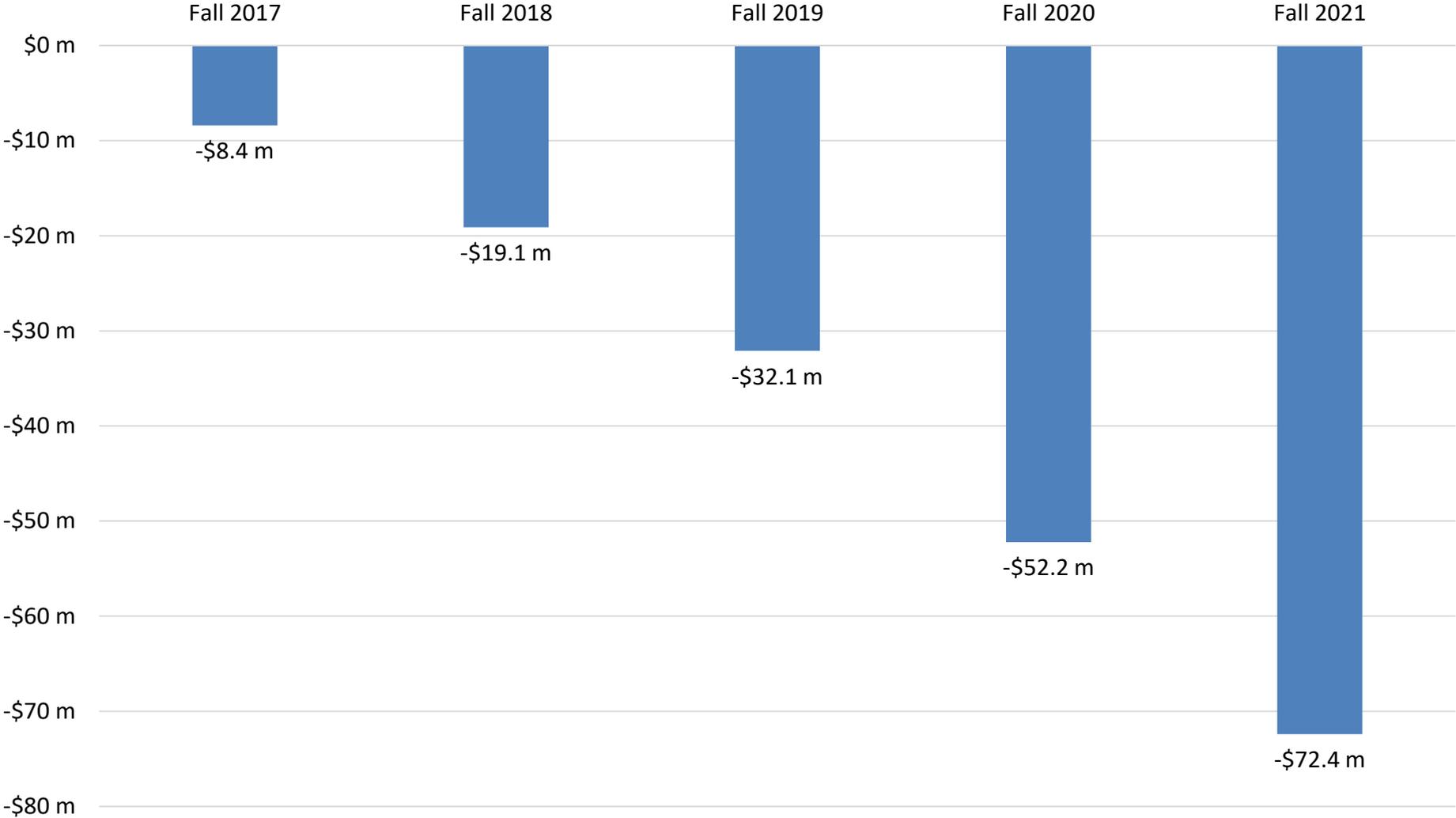
# International Student Enrollment from China

## Level

- Undergraduate
- Graduate
- Nonadmitt



# Revenue impact of loss of international students



Source: UO Finance & Administration, Jan 26, 2020

# Campus Growth

## UNIVERSITY OF OREGON Undergraduate Enrollment by Residency

