

University of Oregon Financial Briefing

**Department Head Training
February 5th, 2020**

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*

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*

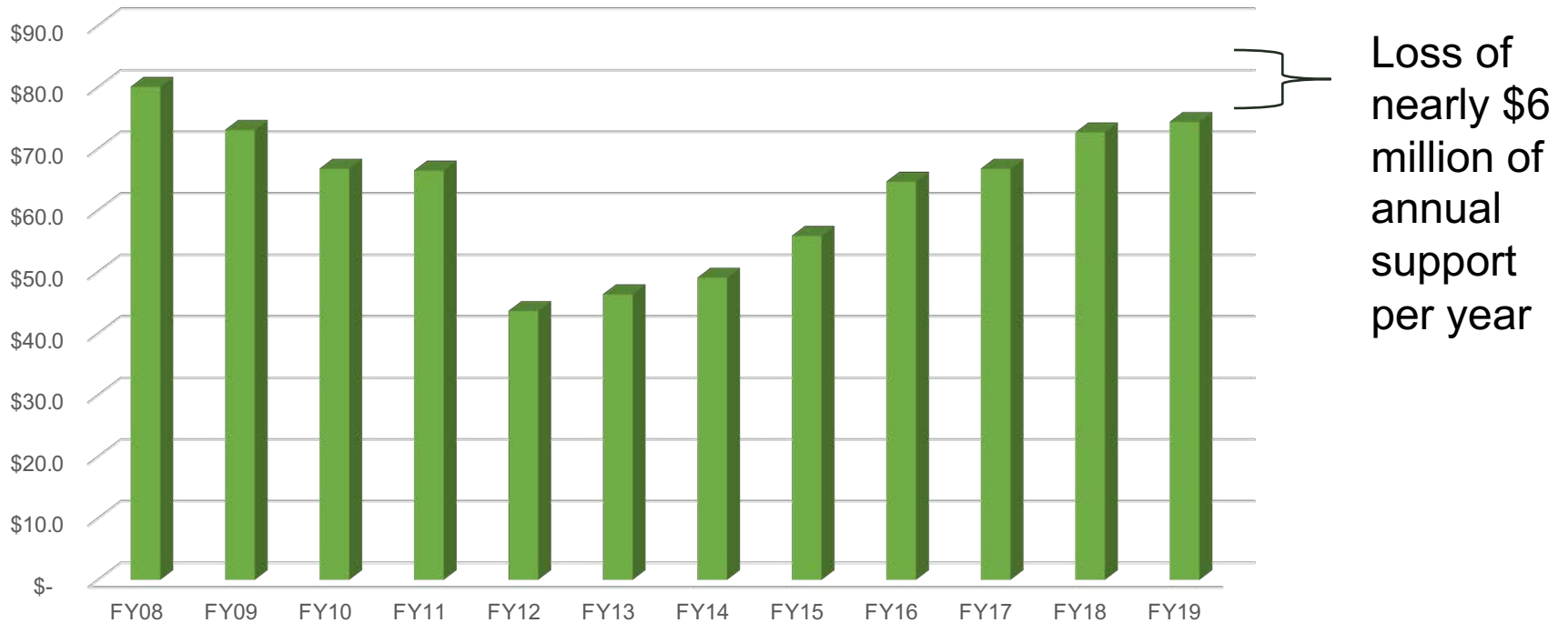
Grants & Contracts

Plant Funds

Auxiliary, Service Centers,
and Designated Ops
Funds

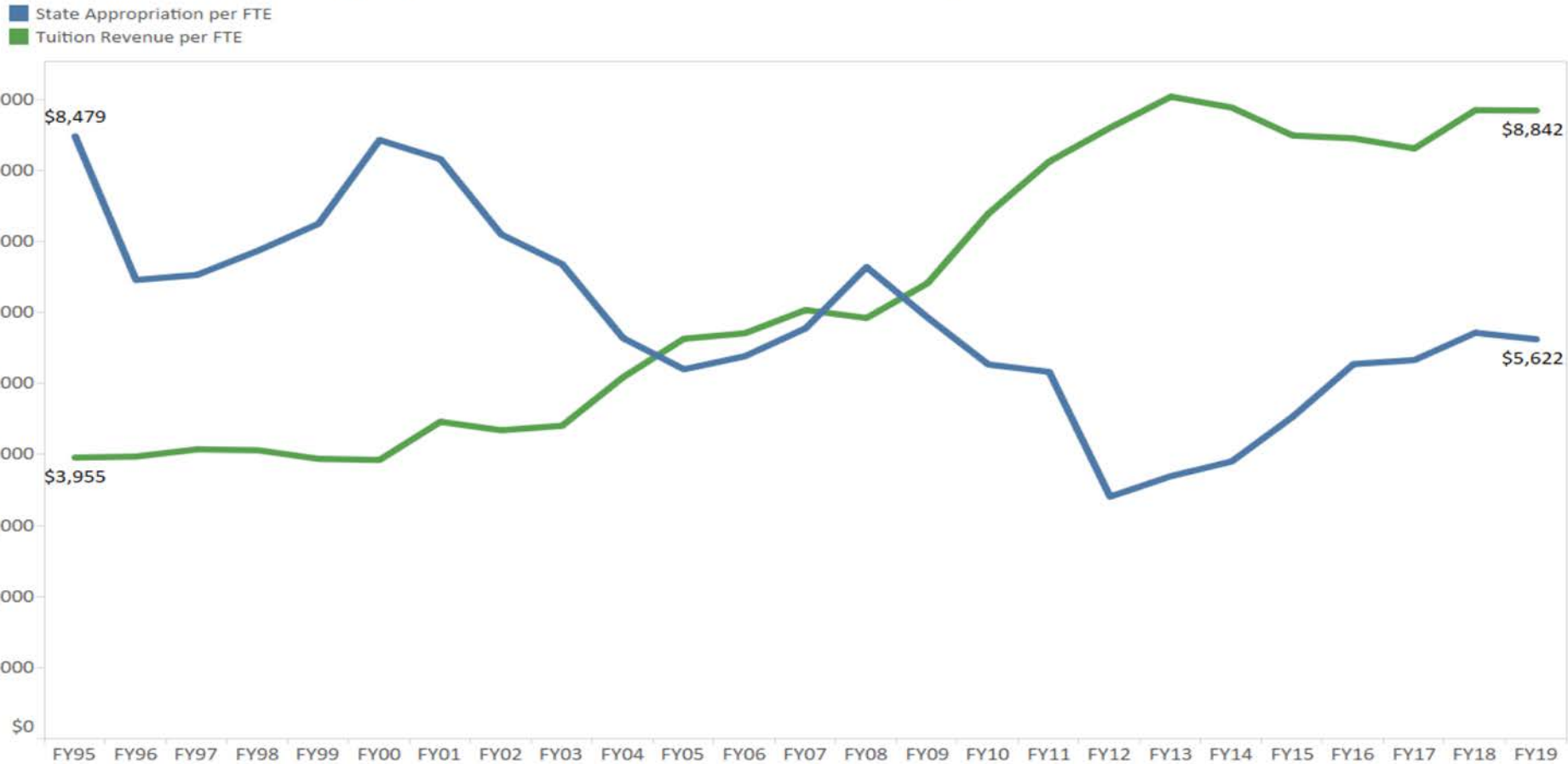
Restricted Gifts

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 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.

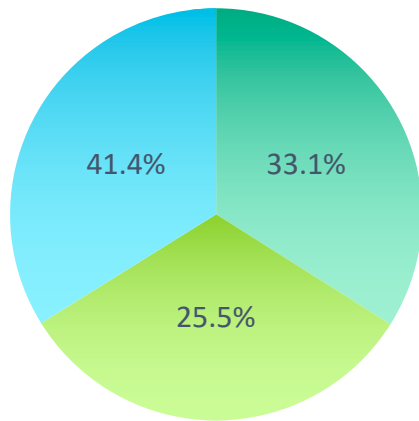
Source: UO Office of Institutional Research.

University Resources FY2019 Major Revenue Streams (E&G Fund)

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

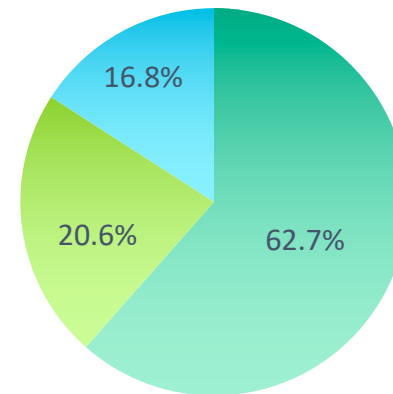
Increasing Dependence Upon Nonresident Tuition

FY2004 – Revenue Breakdown



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

FY2019 – 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,
and Designated Ops
Funds

Restricted Gifts

Summary – Major FY2021 E&G Fund Cost Drivers

Cost Driver	FY21 Cost	Notes
Faculty, Staff and GE Salary and Wages	\$11.6 million	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	\$2.5 million	Actual December 2019 increase of 6.5% due to new tax, and estimated next December 2020 increase of 3.5%.
Retirement Costs	(\$500K)	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	\$1.5 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	\$1.9 million	Increases per State of Oregon minimum wage increase to \$12.75/hr including associated OPE.
Total Projected Cost Increases	\$19.0 million	

Summary – Major FY2021 E&G Fund Cost Drivers

Cost Driver	FY20 Base	FY21 Cost Increase	FY21 % increase
Faculty, Staff and GE Salary and Wages	\$442.1 million	\$11.6 million	2.6%
Medical Costs	\$53.8 million	\$2.5 million	4.7%
Retirement Costs	\$59.5 million	(\$500K)	(0.8%)
Institutional Expenses	\$38.9 million	\$1.5 million	3.8%
Strategic Investments	\$564.1 million	\$2.0 million	0.3%
Minimum Wage Increase	\$442.1 million	\$1.9 million	0.4%
Totals	\$564.1 million	\$19.0 million	3.4%

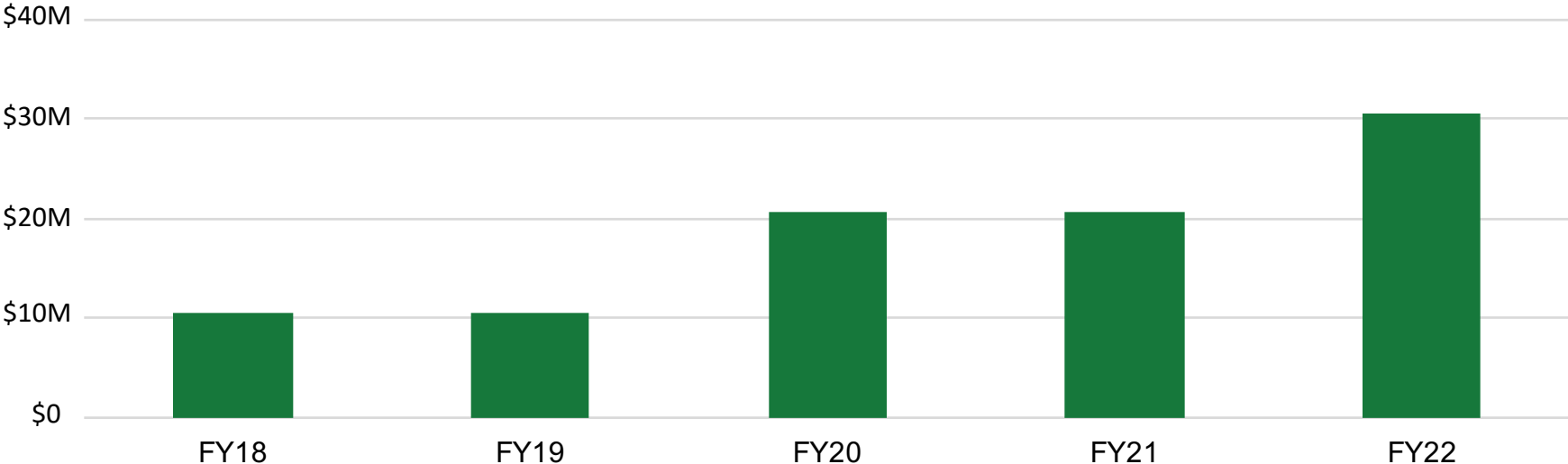
Summary – Major FY2021 E&G Fund Cost Drivers

Cost Driver	FY19 Cost Increase	FY20 Cost Increase	FY21 Cost Increase
Faculty, Staff and GE Salary and Wages	\$10.8 million	\$10.6 million	\$11.6 million
Medical Costs	\$1.8 million	\$1.9 million	\$2.5 million
Retirement Costs	n/a	\$7.1 million	(\$500K)
Institutional Expenses	\$600K	\$1.0 million	\$1.5 million
Strategic Investments	\$2.0 million	\$2.0 million	\$2.0 million
Investments in Tenure Track Faculty	\$1.5 million	n/a	n/a
Minimum Wage Increase	n/a	\$1.0 million	\$1.9 million
Total Projected Cost Increases	\$16.7 million	\$23.6 million	\$19.0 million

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	\$3.0M
Total	\$10.5M	\$0	\$10.1M	\$0	\$10.1M

Projected Cumulative PERS Increases



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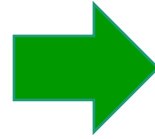


E&G Fund

- FY16, FY17 and FY18: Balanced budget due to state investment, tuition increases and budget cuts
- FY19: \$11.5 million deficit
- FY20: \$10.3 million projected deficit

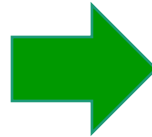
E&G Fund: Revenue and Cost Dynamics

Revenue



79% Tuition &
Fees Funded

Costs



79% Invested
in People

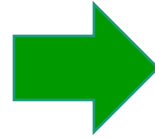
Cost Dynamics – Personnel Costs

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"> 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

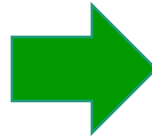
E&G Fund: Revenue and Cost Dynamics

Revenue



79% Tuition &
Fees Funded

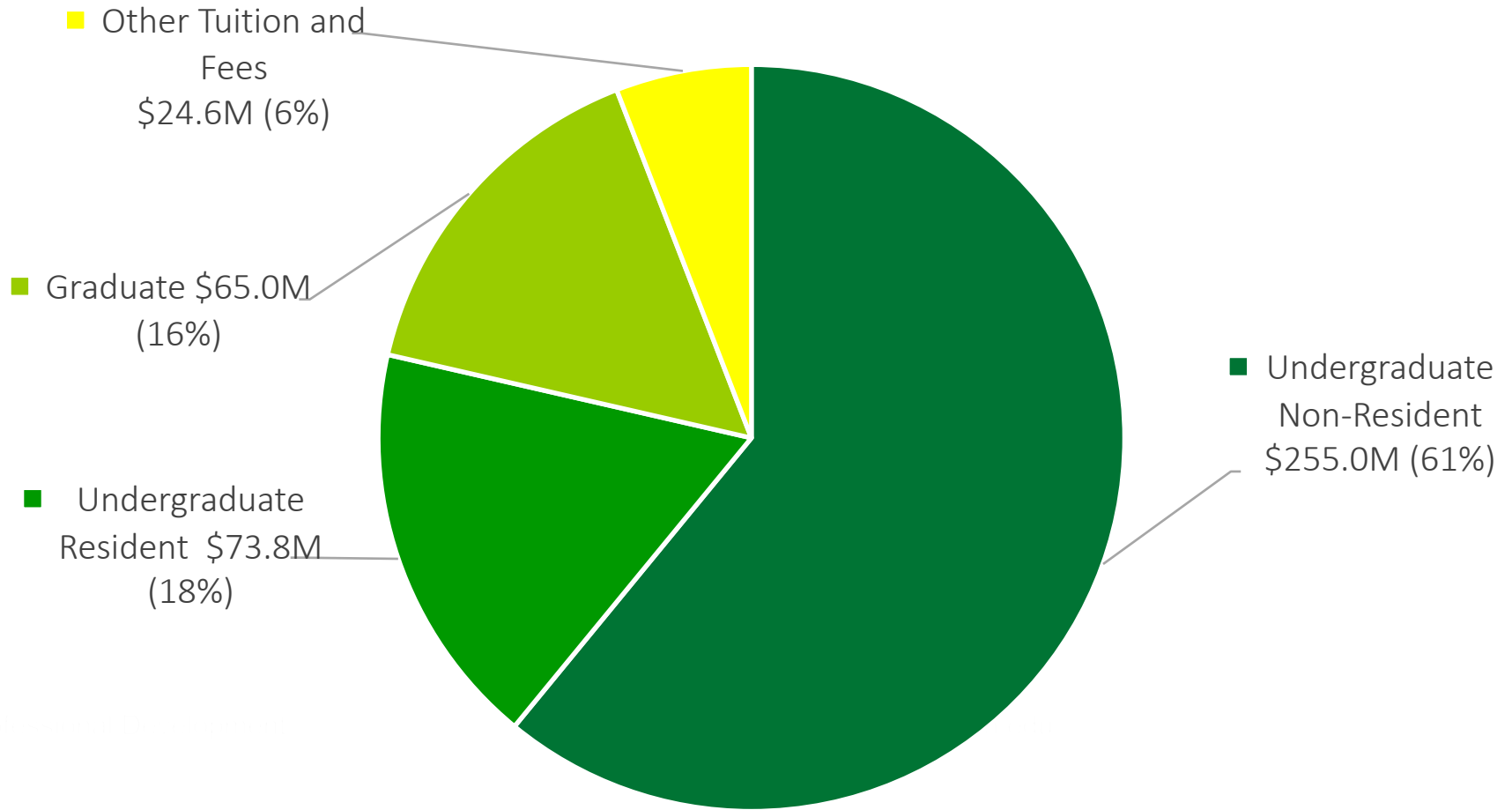
Costs



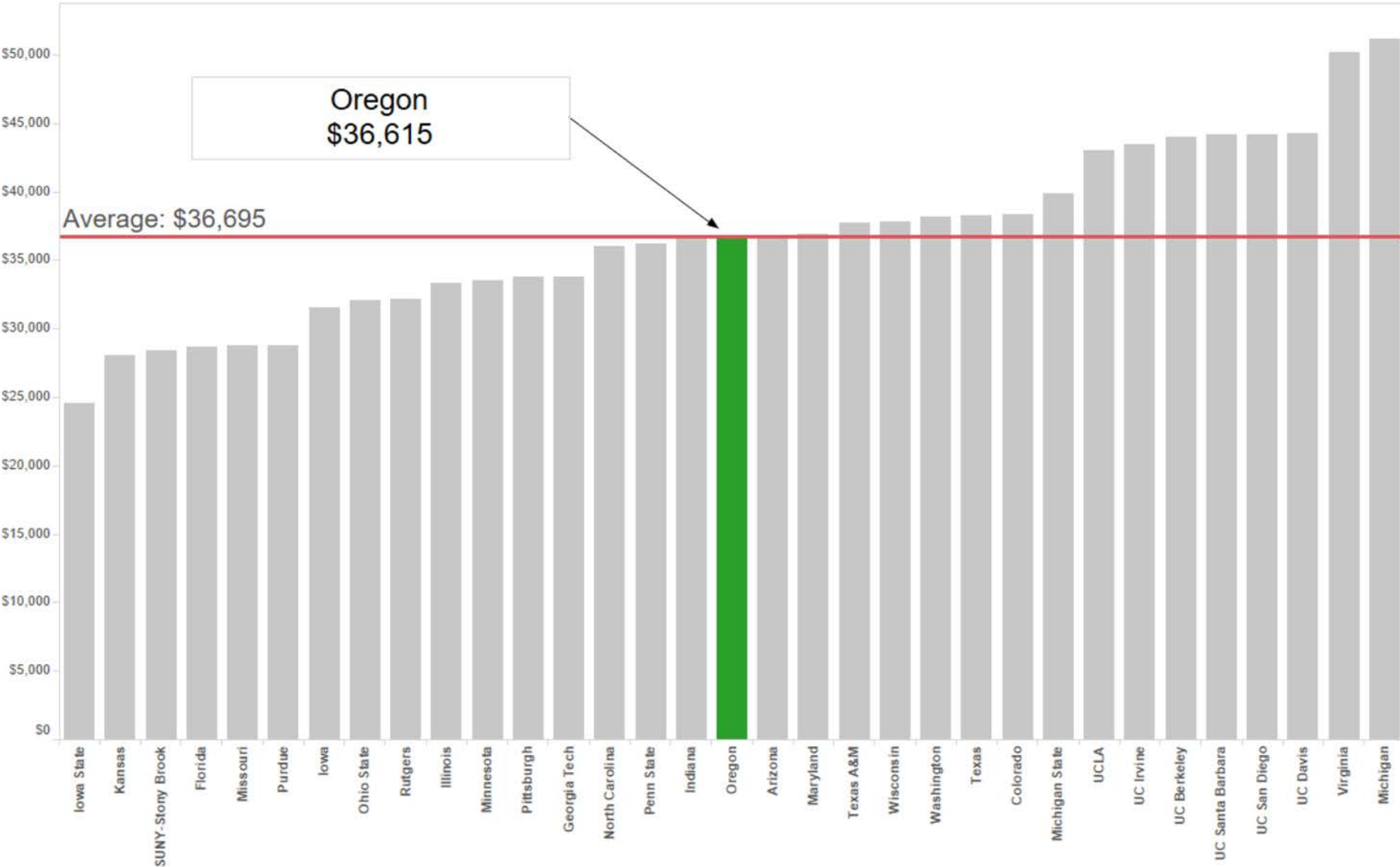
79% Invested
in People

FY19 E&G Fund Net Tuition Revenue

Total: \$418.5 million

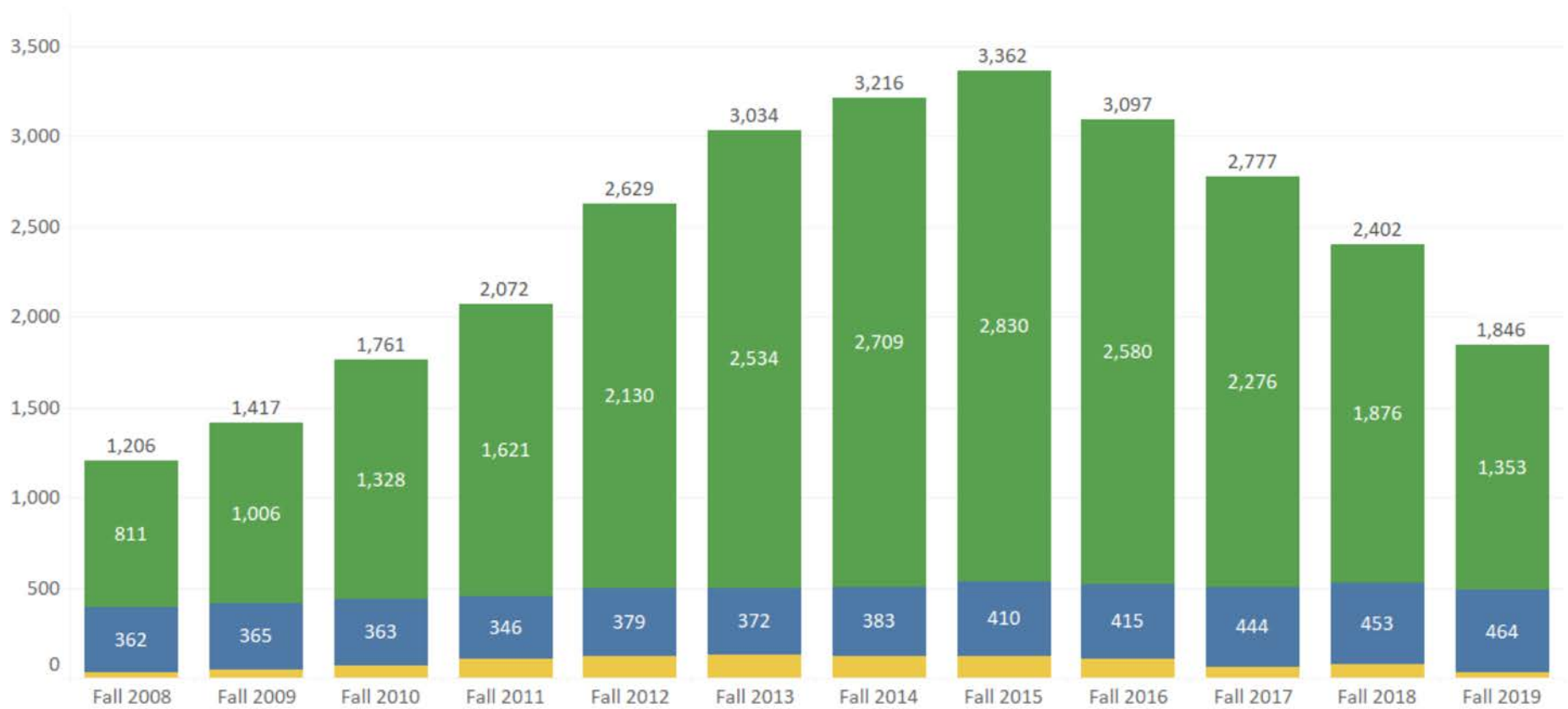


2019-20 Nonresident Tuition and Fees AAU Publics



International Student Enrollment Over Time

Student Level
■ Undergraduate
■ Graduate
■ Nonadmitted



Student Level	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Undergraduate	811	1,006	1,328	1,621	2,130	2,534	2,709	2,830	2,580	2,276	1,876	1,353
Graduate	362	365	363	346	379	372	383	410	415	444	453	464
Nonadmitted	33	46	70	105	120	128	124	122	102	57	73	29

International Student Enrollment Over Time from China

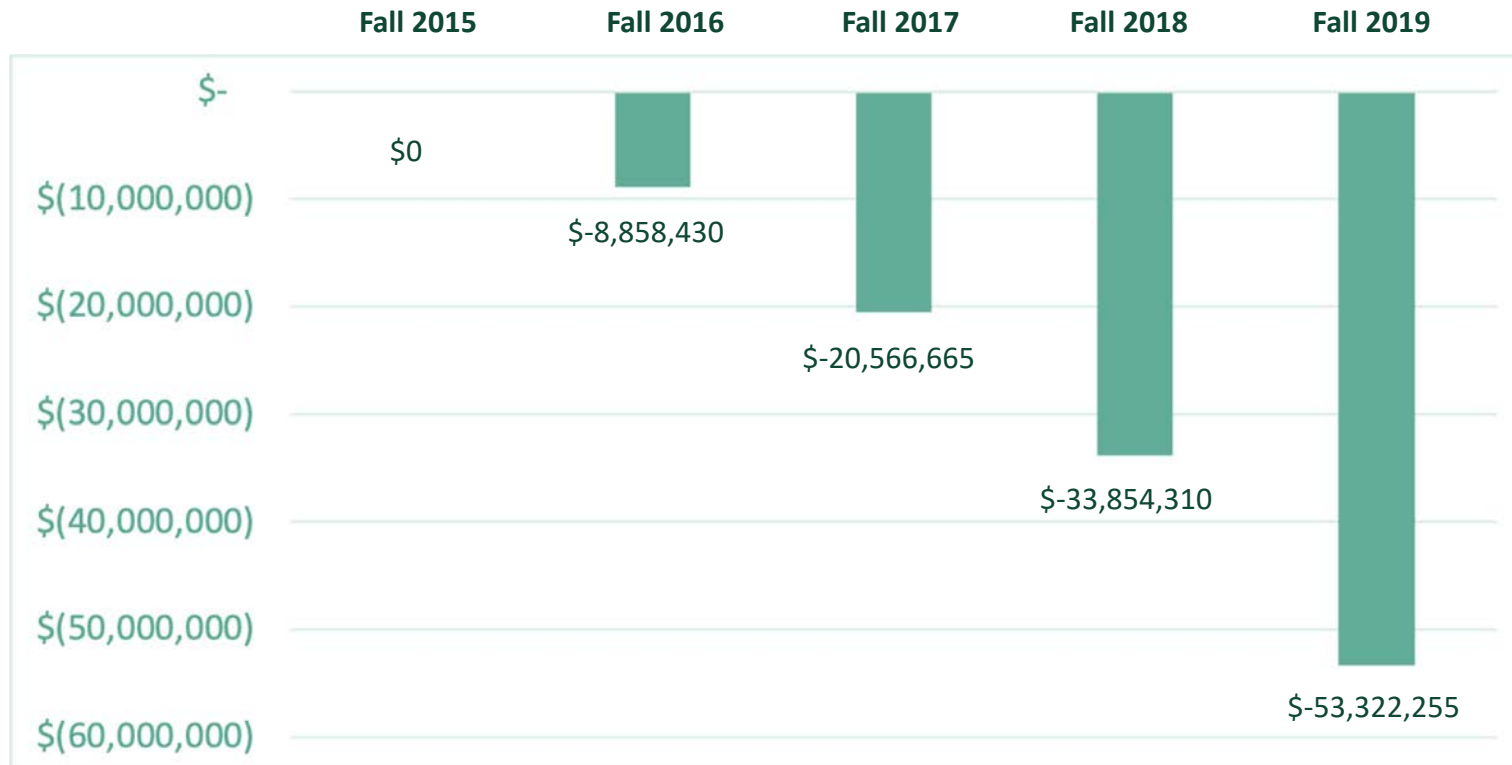
Student Level
■ Undergraduate
■ Graduate
■ Nonadmitted



Student Level	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Undergraduate	116	309	558	847	1,371	1,756	1,975	2,079	1,929	1,700	1,329	907
Graduate	65	68	68	75	82	75	90	108	96	100	105	113
Nonadmitted	5	8	34	54	52	48	50	28	29	16	24	8

Revenue Impact

Lost Annual Revenue Opportunity since Fall 2015 (at FY20 Tuition Rates)



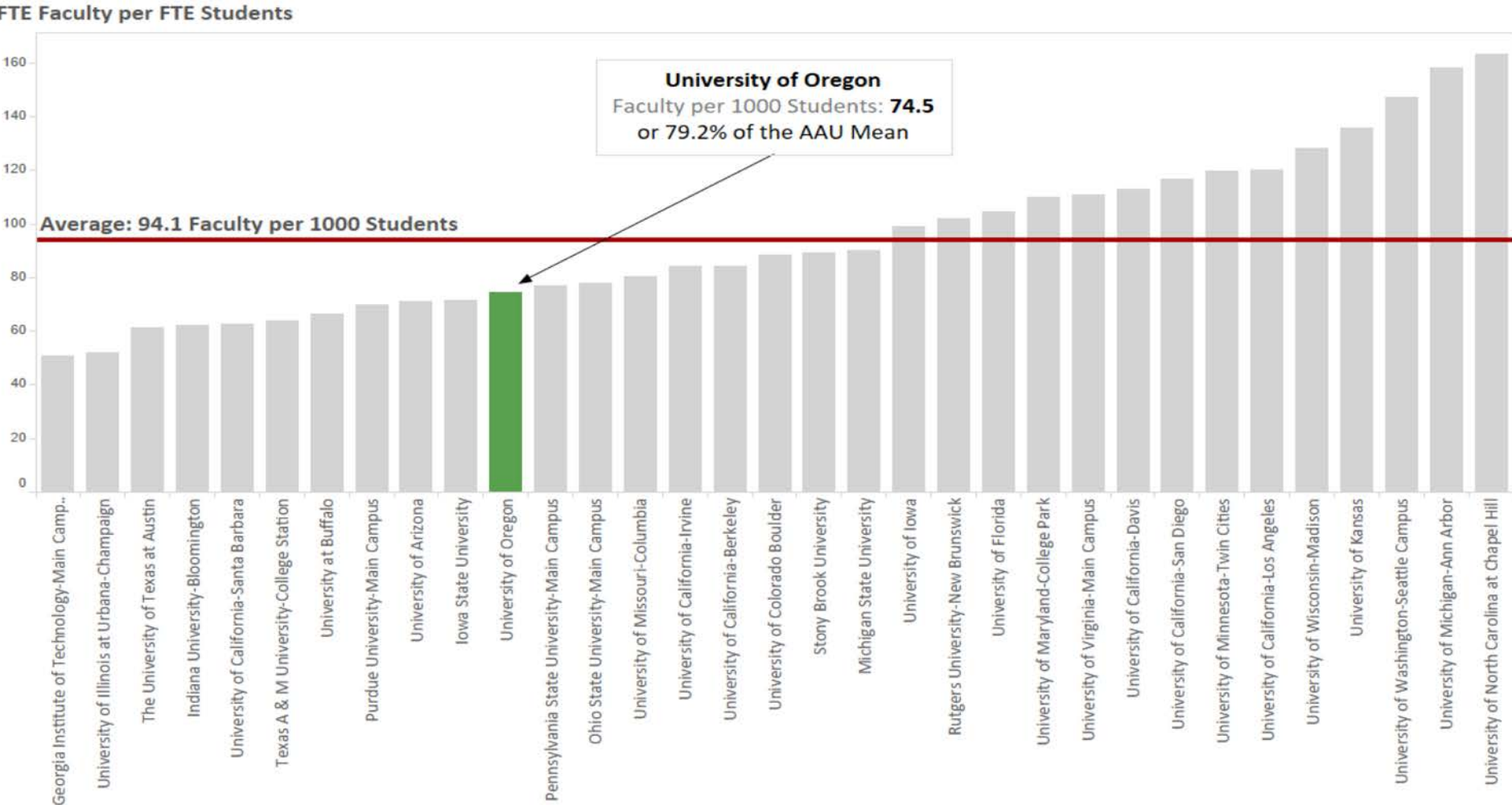
Source: UO Finance & Administration, 26Jan2020

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

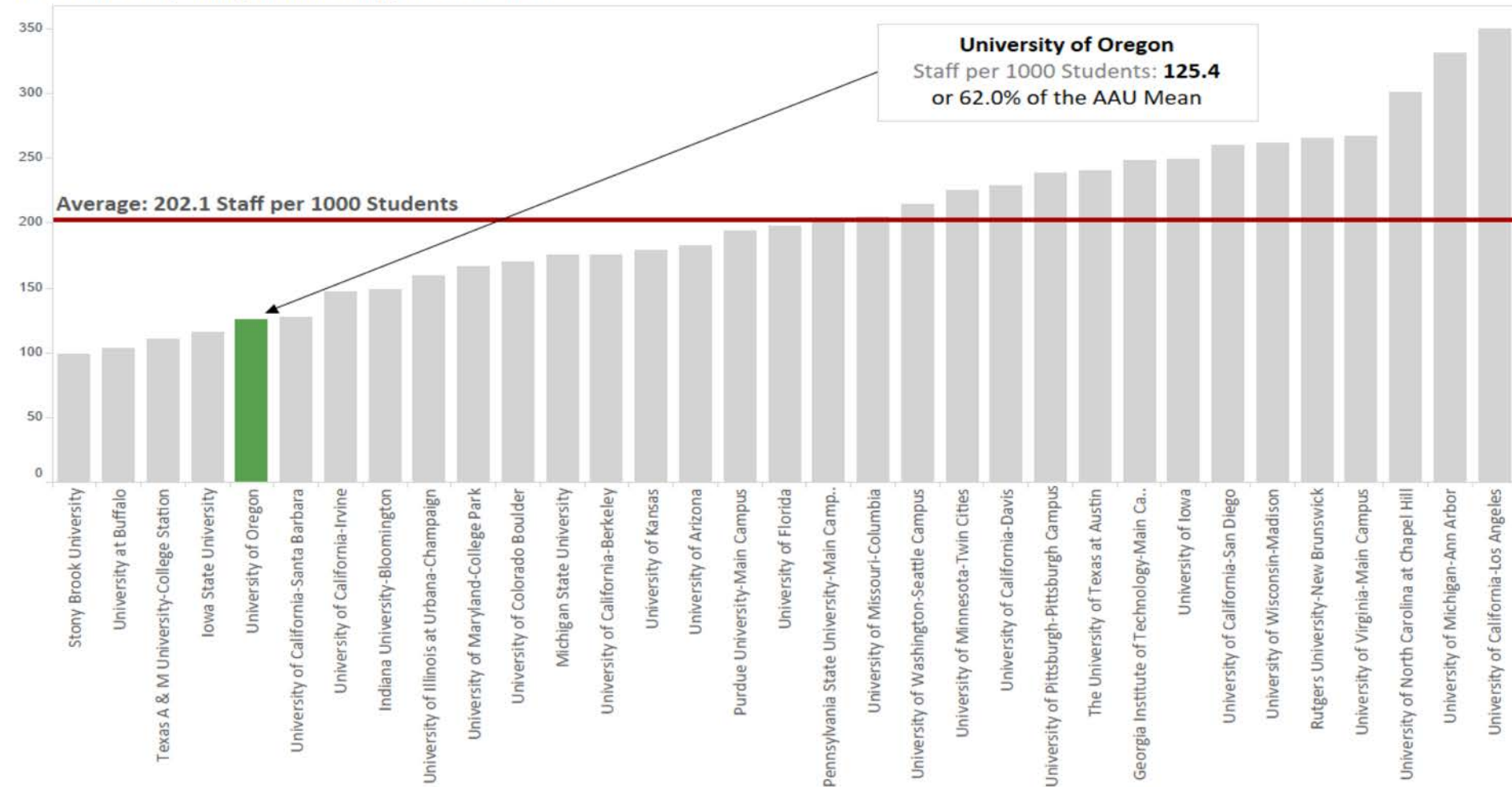


Note: The ratio of faculty to students is based on faculty FTE to student FTE.
Source: IPEDS Human Resources and Enrollment (FY2018).

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



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

