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

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

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
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)

State Appropriation $74.4 million

Resident Net Tuition $107.5 million

Non-resident Net Tuition $278.6 million
Increasing Dependence Upon Nonresident Tuition

FY2004 – Revenue Breakdown

- Nonresident Tuition as % of Total Three sources: 41.4%
- Resident Tuition as % of Total Three sources: 33.1%
- State Appropriation as % of Total Three sources: 25.5%

FY2019 – Revenue Breakdown

- Non-Resident Tuition as % of Total Three Sources: 62.7%
- Resident Tuition as % of Total Three Sources: 20.6%
- State Appropriation as % of Total Three Sources: 16.8%
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

### 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
<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY21 Cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty, Staff and GE Salary and Wages</td>
<td>$11.6 million</td>
<td>E&amp;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&amp;G funds only.</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$2.5 million</td>
<td>Actual December 2019 increase of 6.5% due to new tax, and estimated next December 2020 increase of 3.5%.</td>
</tr>
<tr>
<td>Retirement Costs</td>
<td>($500K)</td>
<td>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.</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>$1.5 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>$1.9 million</td>
<td>Increases per State of Oregon minimum wage increase to $12.75/hr including associated OPE.</td>
</tr>
<tr>
<td><strong>Total Projected Cost Increases</strong></td>
<td><strong>$19.0 million</strong></td>
<td></td>
</tr>
</tbody>
</table>


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

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY20 Base</th>
<th>FY21 Cost Increase</th>
<th>FY21 % increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty, Staff and GE Salary and Wages</td>
<td>$442.1 million</td>
<td>$11.6 million</td>
<td>2.6%</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$53.8 million</td>
<td>$2.5 million</td>
<td>4.7%</td>
</tr>
<tr>
<td>Retirement Costs</td>
<td>$59.5 million</td>
<td>($500K)</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>$38.9 million</td>
<td>$1.5 million</td>
<td>3.8%</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>$564.1 million</td>
<td>$2.0 million</td>
<td>0.3%</td>
</tr>
<tr>
<td>Minimum Wage Increase</td>
<td>$442.1 million</td>
<td>$1.9 million</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$564.1 million</strong></td>
<td><strong>$19.0 million</strong></td>
<td><strong>3.4%</strong></td>
</tr>
</tbody>
</table>
## Summary – Major FY2021 E&G Fund Cost Drivers

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>FY19 Cost Increase</th>
<th>FY20 Cost Increase</th>
<th>FY21 Cost Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty, Staff and GE Salary and Wages</td>
<td>$10.8 million</td>
<td>$10.6 million</td>
<td>$11.6 million</td>
</tr>
<tr>
<td>Medical Costs</td>
<td>$1.8 million</td>
<td>$1.9 million</td>
<td>$2.5 million</td>
</tr>
<tr>
<td>Retirement Costs</td>
<td>n/a</td>
<td>$7.1 million</td>
<td>($500K)</td>
</tr>
<tr>
<td>Institutional Expenses</td>
<td>$600K</td>
<td>$1.0 million</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>$2.0 million</td>
<td>$2.0 million</td>
<td>$2.0 million</td>
</tr>
<tr>
<td>Investments in Tenure Track Faculty</td>
<td>$1.5 million</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Minimum Wage Increase</td>
<td>n/a</td>
<td>$1.0 million</td>
<td>$1.9 million</td>
</tr>
<tr>
<td><strong>Total Projected Cost Increases</strong></td>
<td><strong>$16.7 million</strong></td>
<td><strong>$23.6 million</strong></td>
<td><strong>$19.0 million</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><strong>Total</strong></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**: $40M
- **FY19**: $30M
- **FY20**: $20M
- **FY21**: $10M
- **FY22**: Growing

The graph shows the projected cumulative PERS increases over the fiscal years from FY18 to FY22, with a notable increase expected in FY22.
Agenda

• UO Budget Structure
• Key Sources of University Funding
• 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: $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

<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
International Student Enrollment Over Time

<table>
<thead>
<tr>
<th>Student Level</th>
<th>Fall 2008</th>
<th>Fall 2009</th>
<th>Fall 2010</th>
<th>Fall 2011</th>
<th>Fall 2012</th>
<th>Fall 2013</th>
<th>Fall 2014</th>
<th>Fall 2015</th>
<th>Fall 2016</th>
<th>Fall 2017</th>
<th>Fall 2018</th>
<th>Fall 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>811</td>
<td>1,006</td>
<td>1,328</td>
<td>1,621</td>
<td>2,130</td>
<td>2,534</td>
<td>2,709</td>
<td>2,830</td>
<td>2,580</td>
<td>2,276</td>
<td>1,876</td>
<td>1,353</td>
</tr>
<tr>
<td>Graduate</td>
<td>362</td>
<td>365</td>
<td>363</td>
<td>346</td>
<td>379</td>
<td>372</td>
<td>383</td>
<td>410</td>
<td>415</td>
<td>444</td>
<td>453</td>
<td>464</td>
</tr>
<tr>
<td>Nonadmitted</td>
<td>33</td>
<td>46</td>
<td>70</td>
<td>105</td>
<td>120</td>
<td>128</td>
<td>124</td>
<td>122</td>
<td>102</td>
<td>57</td>
<td>73</td>
<td>29</td>
</tr>
</tbody>
</table>
International Student Enrollment Over Time from China

Student Level
- Undergraduate
- Graduate
- Nonadmitted

<table>
<thead>
<tr>
<th>Year</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Nonadmitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2008</td>
<td>116</td>
<td>65</td>
<td>5</td>
</tr>
<tr>
<td>Fall 2009</td>
<td>309</td>
<td>68</td>
<td>8</td>
</tr>
<tr>
<td>Fall 2010</td>
<td>558</td>
<td>68</td>
<td>34</td>
</tr>
<tr>
<td>Fall 2011</td>
<td>847</td>
<td>75</td>
<td>34</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>1,371</td>
<td>82</td>
<td>34</td>
</tr>
<tr>
<td>Fall 2013</td>
<td>1,756</td>
<td>75</td>
<td>54</td>
</tr>
<tr>
<td>Fall 2014</td>
<td>1,975</td>
<td>90</td>
<td>52</td>
</tr>
<tr>
<td>Fall 2015</td>
<td>2,079</td>
<td>108</td>
<td>48</td>
</tr>
<tr>
<td>Fall 2016</td>
<td>2,215</td>
<td>96</td>
<td>28</td>
</tr>
<tr>
<td>Fall 2017</td>
<td>2,054</td>
<td>100</td>
<td>29</td>
</tr>
<tr>
<td>Fall 2018</td>
<td>1,816</td>
<td>105</td>
<td>16</td>
</tr>
<tr>
<td>Fall 2019</td>
<td>1,458</td>
<td>113</td>
<td>24</td>
</tr>
</tbody>
</table>

Total Enrollment per Year
- Undergraduate: 7,124
- Graduate: 383
- Nonadmitted: 68

Total Enrollment: 7,575
Revenue Impact
Lost Annual Revenue Opportunity since Fall 2015 (at FY20 Tuition Rates)

<table>
<thead>
<tr>
<th></th>
<th>Fall 2015</th>
<th>Fall 2016</th>
<th>Fall 2017</th>
<th>Fall 2018</th>
<th>Fall 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$(10,000,000)</td>
<td>$-8,858,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$(20,000,000)</td>
<td></td>
<td>$-20,566,665</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$(30,000,000)</td>
<td></td>
<td></td>
<td>$-33,854,310</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$(40,000,000)</td>
<td></td>
<td></td>
<td></td>
<td>$-53,322,255</td>
<td></td>
</tr>
<tr>
<td>$(50,000,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$(60,000,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

FTE Faculty per FTE Students

University of Oregon
Faculty per 1000 Students: 74.5
or 79.2% of the AAU Mean

Average: 94.1 Faculty per 1000 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 – 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).