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Oregon Tech Budget Forum

Dr. Nagi Naganathan | Oregon Tech President

Prof. Richard Bailey | FOAC Chair

Brian Fox | VP Finance & Administration

Stephanie Pope | AVP Financial Operations

The Same Pressure at All Universities



Leadership » C



ALBANY
Democrat-Herald

News

Obituaries

Sports

E-edition

Buy & Sell

Tight budget

FY1

To: OS

BENNETT HALL

From: Edward Fesel

and

Mike Green, V

January 16, 2019

Dear OSU faculty and

You likely are aware

resident and non-re

students applied an

regional and nation

By Jordyn Brown The Register-Guard

Posted Mar 29, 2019 at 11:57 AM

Updated Mar 30, 2019 at 9:08 PM



University of Oregon

announced the coming

cuts on March 19

The University of Oregon is fac

next year despite recent tuition

Michael Schill last week — and

be forced to raise tuition for in-

UNIVERSITY OF
OREGON

AroundtheO

Academics & Research

Campus News

Stu

Plans for budget reduction shape

PSU budget shortfall likely

Author: Kurt Bedell, PSU Media

Posted: March 8, 2018

In the face of rising personnel a

in the 2018-19 academic year

Vice President for Finance & Ad

events for students, faculty and

He said that the 2018-19 budg

State of Oregon 2020-2021 Budget



Forbes

16,681 views | May 26, 2017, 01:04pm

Oregon's Budget Disaster: Coming Soon To You

Gov. Kate Brown unveils new plan to offset schools' increasing Oregon PERS costs

Updated Apr 12, 2019; Posted Apr 12, 2019



OREGON BUSINESS PLAN

\$22 BILLION DEBT SOAKS TAXPAYERS, REDUCES SERVICES

Oregon's Public Employee Retirement System is in the red. It's \$22 billion short of funds needed to pay for pensions owed to government employees and retirees. This unfunded liability is borne by state and local governments – and ultimately all taxpayers.

Money for schools, or for PERS? Oregon's pension crisis could gobble up \$2 billion tax hike

Updated Mar 18, 2019; Posted Mar 16, 2019



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Agenda



1. Where Are We Today: Fiscal Year 2019
2. Long-Term Budget Drivers
3. Uncertainty Headed Into FY 2020
4. State Funding Update
5. Tuition Recommendation Committee
6. What Are We Doing About It?
7. Discussion and Questions



Where are we today? Fiscal Year 2019

FY 2019 Budget Forecast



General Fund Monthly Report

January 2019

Acct	FY19 Forecast		
	FY18 Year End Actuals	Board Adopted Budget	Year-End Forecast
State Allocations	27,657	29,301	28,945
Tuition & Fees	33,639	35,558	35,788
Remissions	(3,843)	(4,111)	(4,109)
Other	1,828	1,557	2,212
Total Revenue	59,280	62,305	62,836
Total Labor	44,512	48,396	47,643
Total Direct Expense	13,871	16,450	16,293
Total All Expense	58,384	64,846	63,936
Net From Operations	897	(2,541)	(1,100)
Extraordinary Transfers In	291	302	
Extraordinary Transfers Out	(571)	-	(549)
Change in Fund Balance	616	(2,239)	(1,649)

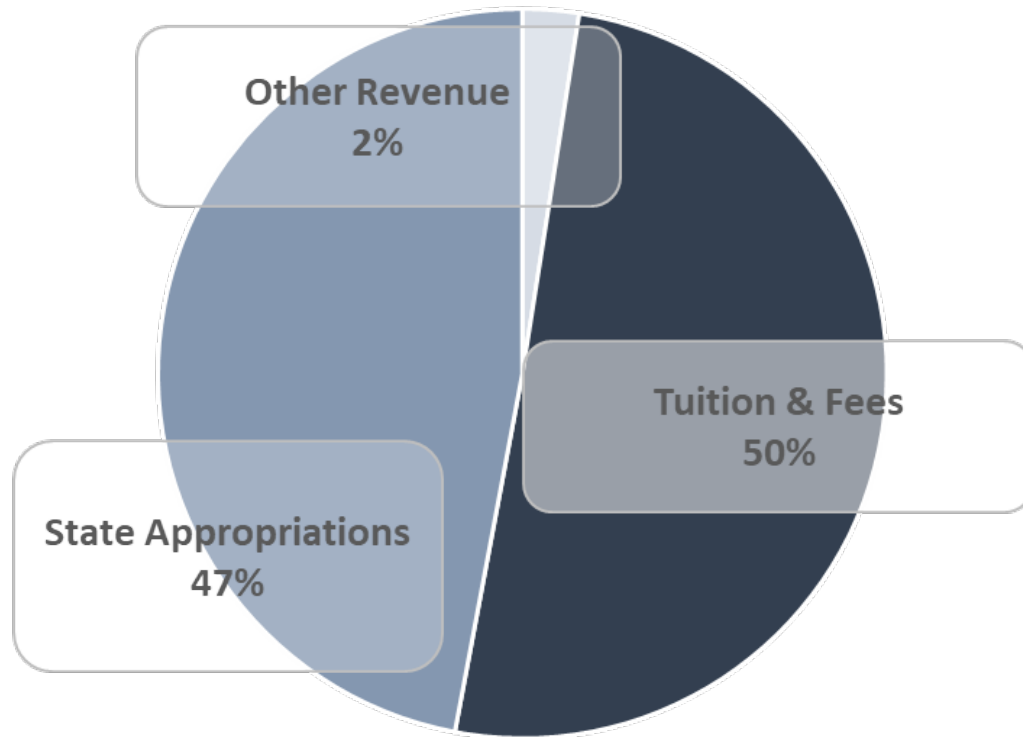


Long-Term Budget Drivers

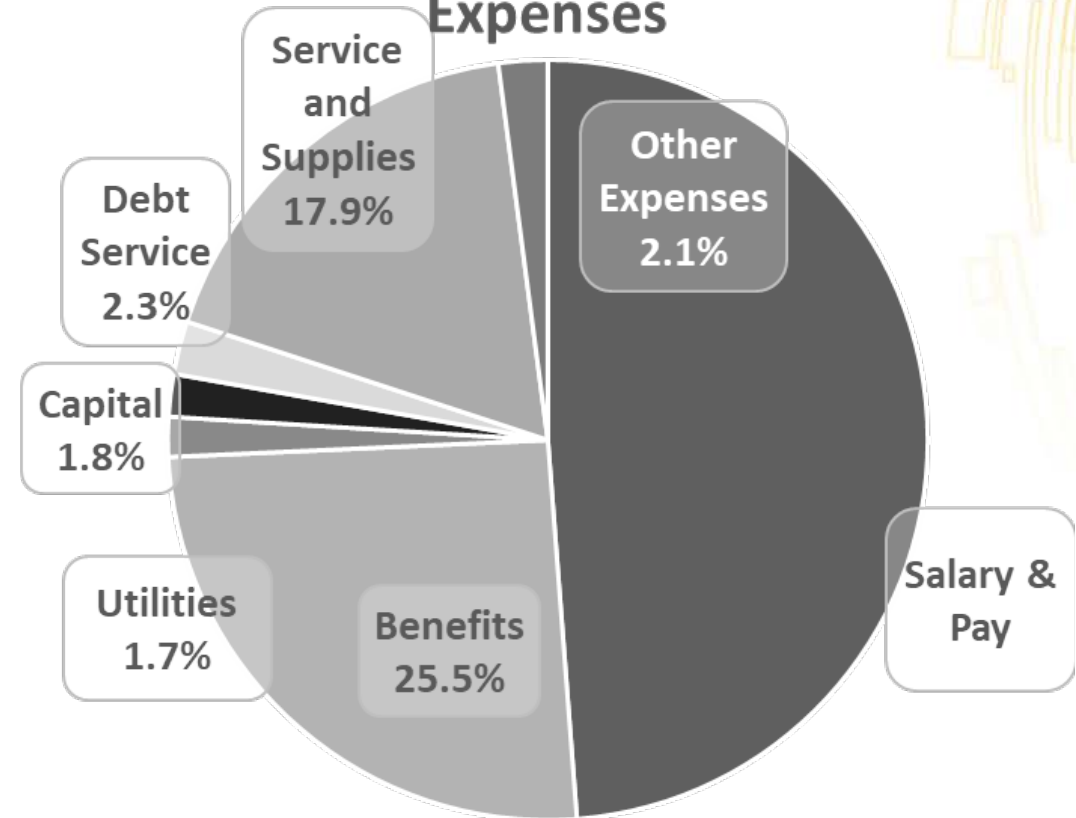
Where Does the Money Go?



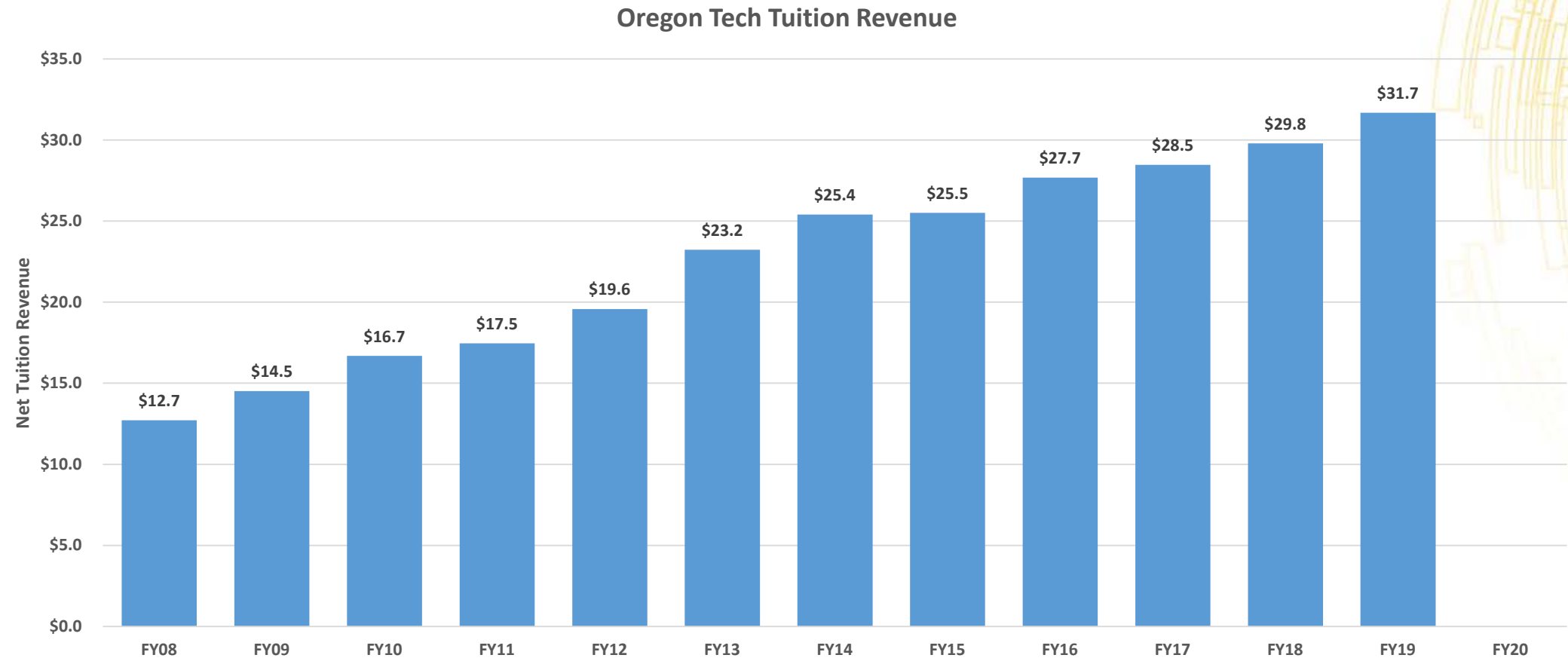
Revenues



Expenses



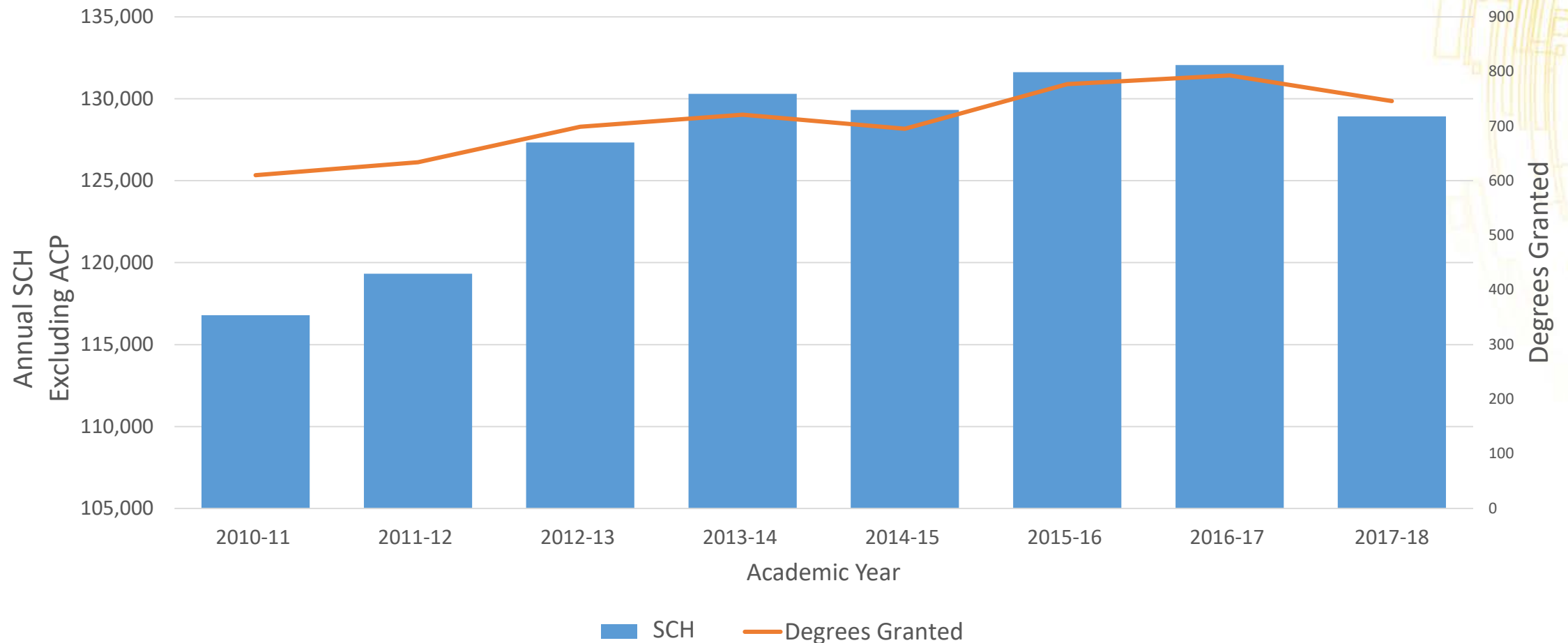
Oregon Tech Funding History: Tuition Revenue



State Appropriations: Enrollment and Completion



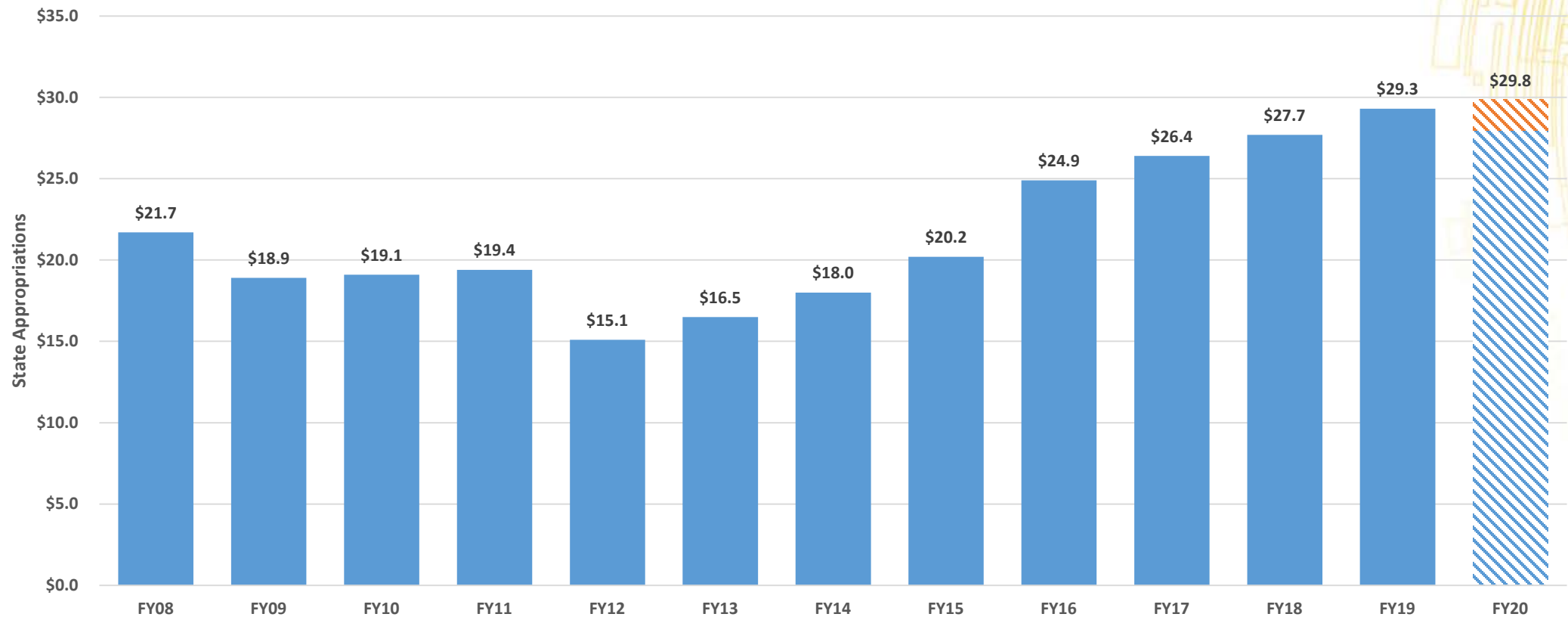
Oregon Tech Degree and SCH Production



Oregon Tech Funding History: State Appropriations



Oregon Tech State Appropriations



OREGON TECH SSCM FUNDING PER DEGREE, 2017-18

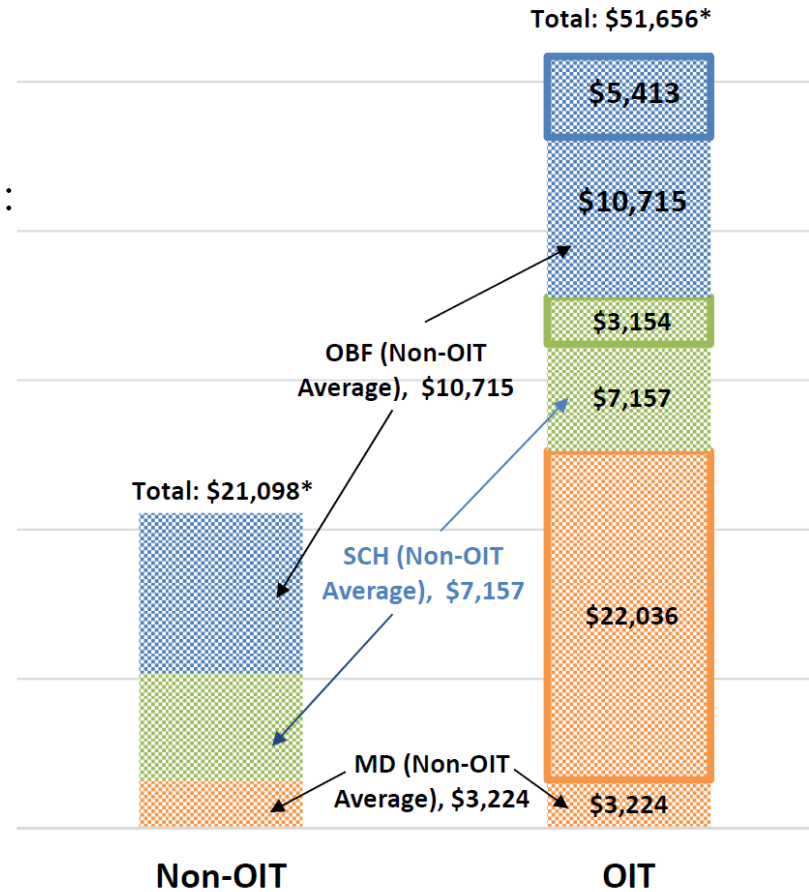


Oregon Tech SSCM SUMMARY (2018):

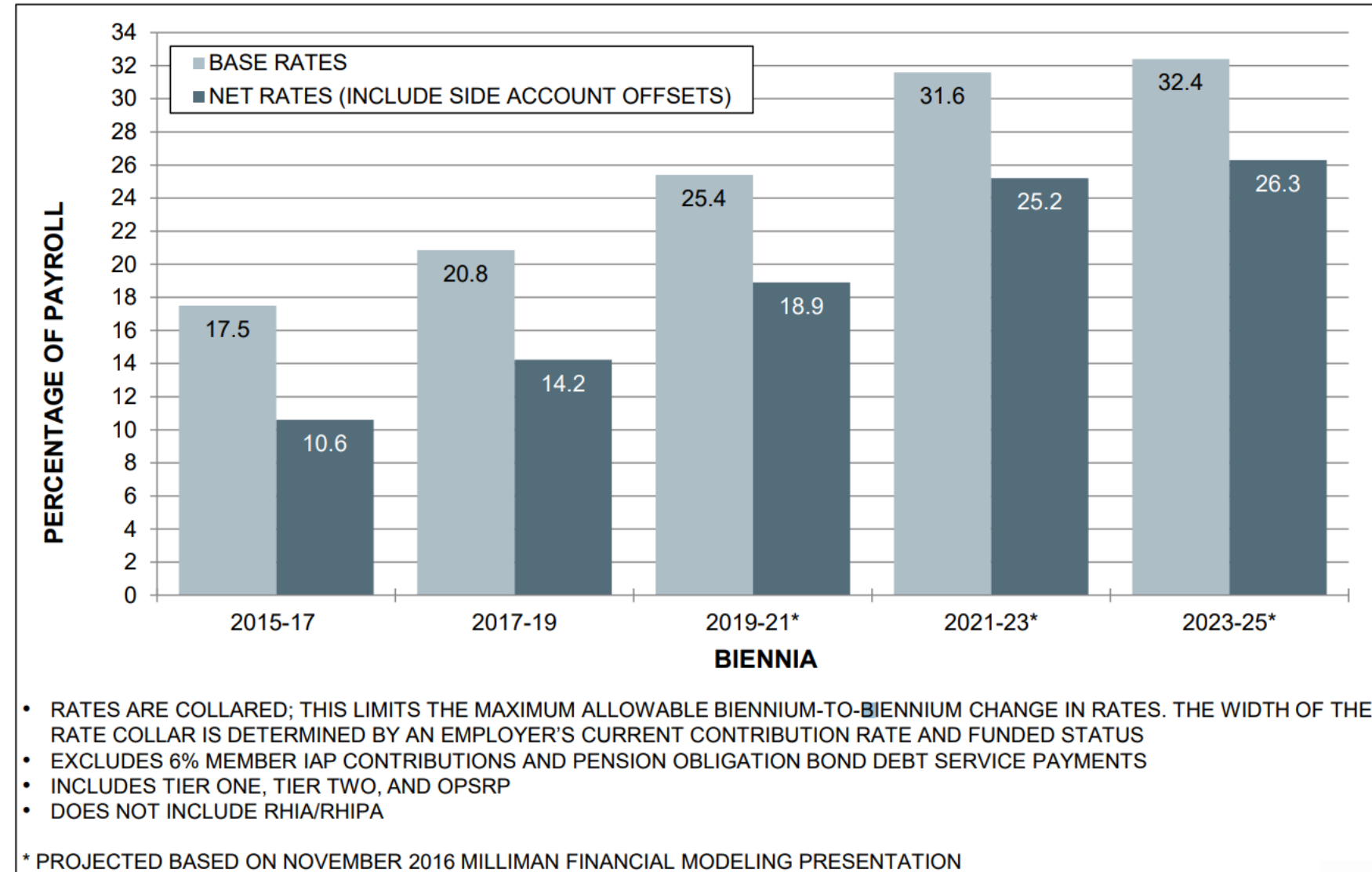
- 3.1% of total degrees produced
- 7.2% of total SSCM funding

Oregon Tech SSCM SUMMARY (2016):

- 2.8% of total degrees produced
- 7.3% of total SSCM funding



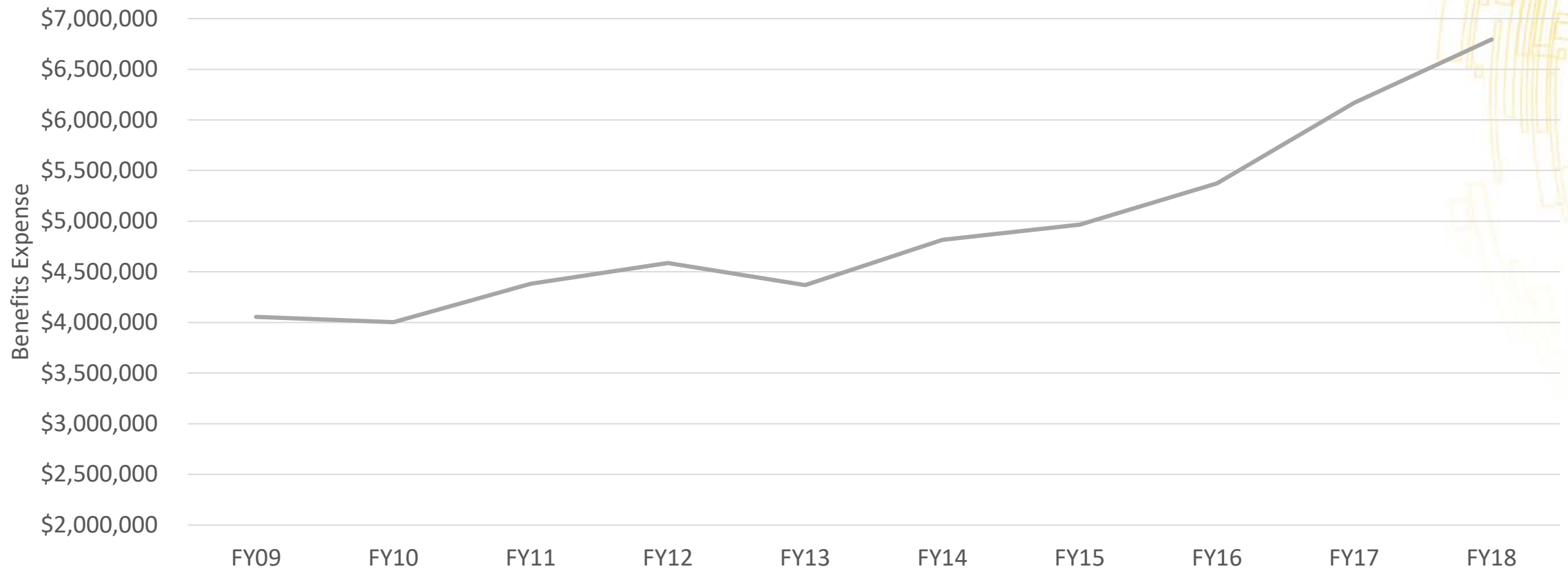
Benefits: Retirement Cost Increases



Benefits: Healthcare Cost Curve



Oregon Tech Healthcare Expenses



Cost Pressures



- PERS and PEBB benefits are increasing at a rapid pace. This will continue into the foreseeable future.
- State funding levels have increased significantly in the past, but are challenged going forward
 - Overall state budget pressures (PERS & PEBB, Medicaid Match & K-12)
 - Oregon Tech receives significantly higher than average state subsidy
 - SSCM Formula is being reopened and restructured (FY 2020)
 - Legislative uncertainty around ETSF, Sports Lottery and OREC funding

These same pressures are impacting each of the seven public universities



State Funding Update

State of Oregon 2020-2021 Budget



Scenario	PUSF Funding	Projected Budget Gap	All Tuition	Credit Hour Cost Change		
				Res	WUE	Non-Res
GRB	+\$0M	-\$7.6M	30%	\$55.18	\$82.77	\$175.64
Co-Chair's Budget	+ \$40M	-\$4.9M	17%	\$31.27	\$46.90	\$99.53
GRB Investment	+ \$120M	-\$2.6M	9%	\$16.55	\$24.83	\$52.69
HECC Investment	+ \$186M	-\$1.4M	4%	\$7.36	\$11.04	\$23.42

Co-Chair's Budget Context



- Co-Chairs Budget:

- PUSF +\$40.5M
- OREC \$255K/year [under review]
- ETSF \$1.22M/year [under review]
- Sports Lottery \$459K/year [under review]



Tuition Recommendation Committee

Tuition Scenario Ranges



	Scenario I	Scenario II	Scenario III
Tuition	+7%	+9%	+15%
Remissions	+\$355K	+\$355K	+\$670K
Projected Budget Gap	-\$2.8M	-\$2.4M	-\$1.8M

Note: the projected budget gap is based on preliminary budget forecasts for FY2020.



	Scenario I Low Tuition/High Cuts	Scenario II Middle Tuition/Budget Savings	Scenario III High Tuition/High Aid/Low Reductions
Overview	<ul style="list-style-type: none">• Moderate tuition increases with tuition scholarships• Significant ongoing cuts impacting academic quality	<ul style="list-style-type: none">• Middle path on tuition increases and scholarships• Moderate budget savings and reductions• Balanced looking forward	<ul style="list-style-type: none">• Very high tuition increases, with additional targeting scholarships• Limited budget cuts• Large use of reserves, but balanced over biennium
Possible Examples:	<ul style="list-style-type: none">• Noticeable reduction in course offerings and larger class sections• Reduced equipment replacements• Hiring freezes• Possibly, even student services/Facilities services	<ul style="list-style-type: none">• Limited pruning of course offerings• Managed equipment replacements• Selective hiring reductions and vacancy savings	<ul style="list-style-type: none">• Limited reduction in low-enrollment sections only• Continued investment in equipment replacements• Hiring in key faculty, student services and strategic positions



What Are We Doing About It?

FOAC Developed Principles



- Invest in quality infrastructure for education of our students
- Position the university to be attractive and supportive of students
- Focus on growth in recruiting and retaining students
- Build external connections and partnerships to support growth
- Position faculty and staff for success including compensation, systems and supports
- Consider and invest in the long-term position and strategy of the university
- Support for class, course and resource planning management

Board Adopted Budget Development Principles



1. Prioritize recruiting, retaining and graduating students
2. Invest in faculty, staff, and infrastructure to support student success
3. Align programs and initiatives with industry demand
4. Manage operating efficiency in all aspects of the university
5. Manage short-term uncertainty – focus on long-term sustainability

What Are We Doing?



- Tasked the Department Chairs, Deans and VPs to develop three aggressive budget scenarios:

-5% Cut	Flat Budget	+3% increase
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- Solicited Initiatives and budget requests from across campus as part of the budget process.
- Budget owners presented their budgets to a panel comprised of senior leadership and FOAC Chair Bailey.
- Final recommendation from the President to the BOT with an objective to avoid destabilizing adjustments while continuing investments in growth areas.■



Discussion & Questions



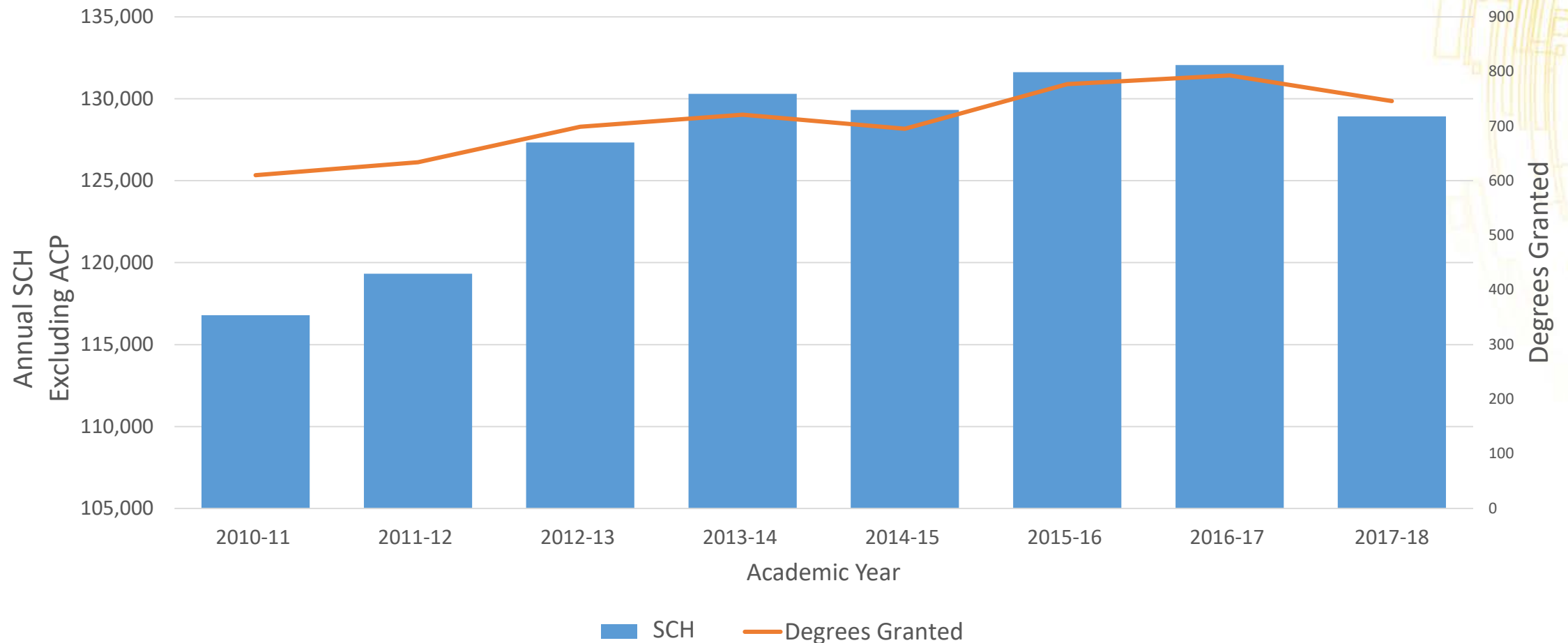




State Appropriations: Enrollment and Completion



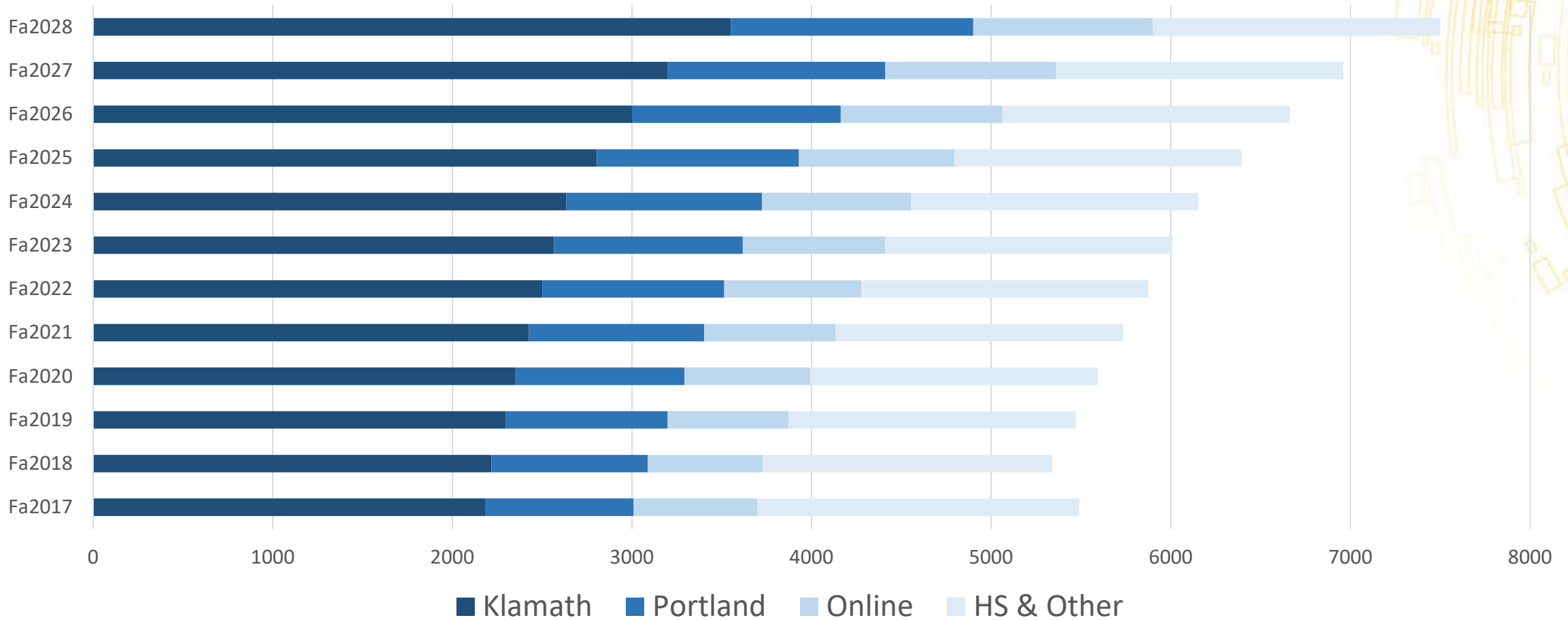
Oregon Tech Degree and SCH Production



How to Manage



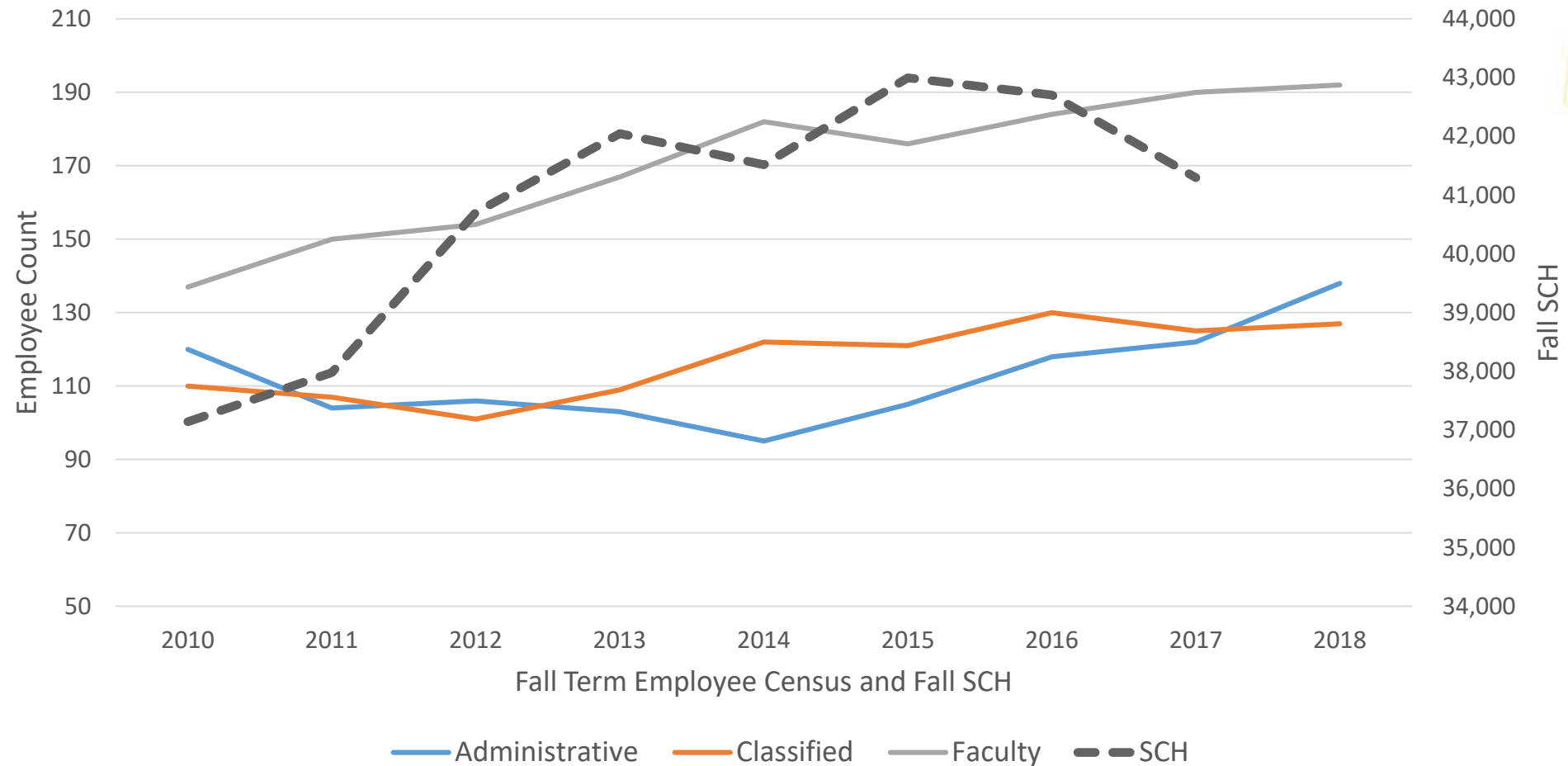
Planned Fall Headcount



Employee Growth & Enrollment



Oregon Tech | Employees and Enrollment



Budget Examples



Expense Estimates	
1.0 FTE Employee	
Salary	\$67,000
OPE	\$43,000
Total	\$110,000
Academic Equipment Budget	\$840,000
Increase Scholarships (1% of Tuition)	\$335,000
Save on Supplies & Services (1%)	\$127,000
Reduce Utilities (1%)	\$10,000