

BOARD OF TRUSTEES | MAY 27, 2021



# Oregon Tech FY 2022 Budget

John A. Harman, MBA, CGMA, CMPE | VP Finance & Administration

# Oregon Higher Education Funding Model



- Primary Sources of State Funding
  - Public University Support Fund (PUSF)
    - Funds the Student Success and Completion Model (SSCM)
  - Engineering and Technology Sustaining Fund (ETSF)
  - Oregon Renewable Energy Center (OREC)
- Other Funds- Investment earnings, grants cost recovery, etc.
- Student Tuition and Fees
- Funds not in Operating Budget
  - Sports Lottery
  - Capital Improvement and Renewal Funding (CIR)
  - Bonded capital construction funds
  - Federal COVID related funding

# FY 2022 Higher Education Funding



- Governor's FY 2022 Budget released in December 2020
  - No increase for Higher Education, PUSF to remain at \$836M for new biennium
- Student Success and Completion Model (SSCM)
  - Higher Education Coordinating Board (HECC) revised SSCM formula for FY 2022
  - Without an increase in PUSF funding, Oregon Tech would have a \$(1.8M) reduction in funds for FY 2022 compared to FY 2021 (from \$30.3M to \$28.5M)
  - Ways & Means Committee tentative budget increased PUSF by \$49M to \$886M
    - Oregon Tech would have an \$(86K) reduction in funds for FY 2022 compared to FY 2021 (from \$30.3M to \$30.2M)
  - University presidents are pushing for an additional \$14M to reach \$900M in PUSF
    - Oregon Tech would have a \$486K increase in funds for FY 2022 compared to FY 2021 (from \$30.3M to \$30.7M)
- Engineering and Technology Sustaining Fund (ETSF)
  - Tentative Ways & Means budget is at \$28.6M for the biennium (5.8% increase)
  - Oregon Tech's annual allocation is estimated at just over \$1.2M

# FY 2022 Higher Education Funding



- Oregon Tech Student Tuition and Fees
  - Tuition Recommendation Committee (TRC) met during the spring to review and consider tuition adjustments
  - TRC and Associated Students of the Oregon Institute of Technology (ASOIT) made a recommendation to the president who took it to the Board
  - At its April 2021 meeting, the Board of Trustees approved a 4.9% increase in base tuition and a 2-percentage point increase in differential tuition.
  - The Board also approved the president's recommendation to reduce the base tuition increase to 3.9% if final PUSF funding increased by at least \$49M over the prior biennium.
  - Oregon Tech is projecting a 1% increase in enrolled student credit hours
  - Tuition and Fees revenue is expected to total \$35.9M in FY 2022

# Funds not in FY 2022 Operating Budget



- Sports Lottery Funds
  - Oregon Tech FY 2022 allocation estimated to be \$1.2M
  - Utilized for athletic scholarships and graduate student assistantships
- Capital Improvement and Renewal Funds (reimbursement basis)
  - Estimated allocation for 2021-23 biennium is \$3.4M
    - Restricted for campus infrastructure, improvement and renewal projects
    - Used to reduce deferred maintenance and to support minor renovations
- Federal COVID relief Funds
  - Restricted to COVID related revenue losses and expenditures
  - Not to support salaries or operations
  - Must report to federal government on how funds are spent

# Significant Budget Assumptions



- State appropriations will continue to be allocated 49% in year one and 51% in year two of the biennium.
- Retirement and healthcare costs continue to rise
- State PUSF funding is expected to reach \$900M for the biennium to support the SSCM
- Oregon Tech state appropriations will total \$32.2M
- Projected enrolled credit hour growth of 1% will be met
- Salary recapture of \$2.5M will emerge during the year

# Budget Development Principles



- Prioritize recruitment, retention and graduating students
- Invest with purpose in faculty, staff, and infrastructure to support student success
- Align programs and initiatives with industry demand
- Achieve operating efficiencies in all areas and benchmark with best practice
- Manage short-term uncertainties, while focusing on innovation and long-term sustainability

# FY 2022 Budget Development



- Incremental Budget Model was utilized, as in prior years
- Budget targets were based on prior year with some adjustments
- FY 2021 staff furlough funding reductions were restored
- Budget targets were increased to include projected health insurance and retirement increases
- Pools were budgeted for:
  - Estimated SEIU classified staff salary increases and other payroll expenses (OPE)
  - Estimated AAUP faculty and chairs salary increases and OPE
  - Unclassified staff salary increases and OPE
- Estimated salary recapture was also budgeted as in the past
- Key ongoing Strategic Investments were estimated and included
- Fiscal Operations Advisory Council (FOAC) reviewed and made recommendation to president



# FY 2022 Budget by Functional Area



## FY 2022 Budget By Function

| Division                   | FY21 Budget         | Restored FY 2021 Furlough \$ | Health Ins. Increase | PERS Increase    | Ongoing Obligations | FY 2022 Budget Target | Net Adjustments  | FY 2022 Budget Final Revised | Variance to FY 2021 Budget | Notes                 |
|----------------------------|---------------------|------------------------------|----------------------|------------------|---------------------|-----------------------|------------------|------------------------------|----------------------------|-----------------------|
| Advancement & Marketing    | \$1,880,726         | \$84,240                     | \$3,140              | \$12,891         | \$0                 | \$1,980,997           | \$12,702         | \$1,993,699                  | 6%                         |                       |
| Enrollment Management      | 5,428,421           | 209,139                      | 9,647                | 25,734           | -                   | 5,672,941             | -                | 5,672,941                    | 5%                         |                       |
| Finance and Administration | 12,462,287          | 404,740                      | 20,407               | 107,031          | (38,906)            | 12,955,559            | 234,849          | 13,190,408                   | 6%                         | Realigned Assessments |
| Institutional General      | 3,002,783           | -                            | -                    | -                | -                   | 3,002,783             | -                | 3,002,783                    | 0%                         |                       |
| President                  | 2,758,536           | 100,504                      | 3,768                | 13,440           | 5,000               | 2,881,248             | 17,640           | 2,898,888                    | 5%                         |                       |
| Provost & Academic Affairs | 36,854,984          | 500,857                      | 72,362               | 158,848          | 380,559             | 37,967,610            | (118,602)        | 37,849,008                   | 3%                         |                       |
| Student Affairs            | 3,974,887           | 159,700                      | 1,940                | 16,424           | 231,416             | 4,384,367             | -                | 4,384,367                    | 10%                        |                       |
| <b>Total</b>               | <b>\$66,362,624</b> | <b>\$1,459,180</b>           | <b>\$111,264</b>     | <b>\$334,368</b> | <b>\$578,069</b>    | <b>\$68,845,505</b>   | <b>\$146,589</b> | <b>\$68,992,094</b>          | <b>4%</b>                  |                       |

# FY 2022 Budget Summary



## FY 2021-22 Oregon Tech General Fund Budget

| Revenues (Educ & Gen + Certain Spec. Gen Funds*) | Budget              | Notes |
|--------------------------------------------------|---------------------|-------|
| State Allocations                                | \$32,215,454        | 1     |
| Tuition and Fees                                 | 35,852,497          | 2     |
| Other Revenue                                    | 827,627             | 3     |
| <b>Total Revenue</b>                             | <b>\$68,895,577</b> |       |
| <b>Expenditures</b>                              | <b>\$68,992,094</b> |       |
| Salary Recapture                                 | (2,500,000)         | 4     |
| <b>Net Remaining Revenue</b>                     | <b>\$2,403,483</b>  |       |
| <b>Special General Fund</b>                      |                     |       |
| Revenues                                         | \$1,908,372         | 5     |
| Expenditures                                     | 1,908,372           |       |
| <b>Subtotal</b>                                  | <b>\$0</b>          |       |
| <b>Ongoing Strategic Investments</b>             |                     |       |
| DICE Director                                    | \$192,399           | 6     |
| Portland Metro Advisor                           | 80,059              |       |
| Portland Metro Grants Business Manager           | 89,649              |       |
| CEET Facilities Costs                            | 272,757             |       |
| Contingency                                      | 419,441             |       |
| <b>Subtotal</b>                                  | <b>\$1,054,305</b>  |       |
| <b>Salary and OPE Pools</b>                      |                     |       |
| Classified SEIU                                  | \$460,188           | 7     |
| Unclassified Admin                               | 270,914             | 8     |
| AAUP Faculty and Chairs                          | 513,603             | 9     |
| <b>Subtotal</b>                                  | <b>\$1,244,705</b>  |       |
| <b>FY 2022 Strategic Investments</b>             |                     |       |
| Facilities Master Plan                           | \$100,000           |       |
| <b>Subtotal</b>                                  | <b>\$100,000</b>    |       |
| <b>Total Net</b>                                 |                     |       |
| <b>Net</b>                                       | <b>\$4,473</b>      |       |

\* Online Education, Boeing, ACP, SPGA, etc. treated as General Fund operations

### Footnotes:

- 1) PUSF + SELP + ETSF + OREC; updated to \$900M PUSF; continue 49/51 split
- 2) Tuition estimate based on January tuition forecast. Assumes 1% growth in enrolled credit hours, 3.9% increase in base tuition and 2 percentage point increase in differential tuition.
- 3) Excludes projected revenue for special general funds, e.g.; clinics, course fees, etc.
- 4) Forecast of salary recapture from unfilled/vacant positions during FY 2022
- 5) Indirect cost recovery, clinic revenue, OREC, etc.
- 6) Diversity, Inclusion, and Cultural Engagement
- 7) Estimate in the absence of contract - last year's step increases and longevity, + 3%, plus OPE at Tier 3
- 8) Unclassified administrative staff pay plan increases
- 9) AAUP faculty + estimate of AAUP Chairs

# Summary



- Oregon Tech is expected to finish FY 2021 without a deficit
  - Savings from unfilled positions with on-going searches and underspending in Supplies and Services
  - Experienced a \$2M shortfall in tuition and fees, as a result of a significant reduction in out-of-state student credit hours.
- Balanced FY 2022 Budget will be submitted to the Board of Trustees for consideration and approval at its May meeting
- Continued enrollment growth is expected; but we should continue to be vigilant in managing expenditures and enhancing revenues
- No layoffs or furloughs are included in the FY 2022 Operating Budget



# Questions