

TUITION RECCOMENDATION COMMITTEE | 2.3.2023



# University Budget Committee Meeting #2

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Questions from last week?

# Presentation Outline



1. University Budget Types
2. FY23 Board Adopted Budget
3. FY23 Management Report
4. Major Components of the FY23 E&G Budget
5. Public University Support Fund (PUSF)
6. State Appropriations – Historical Lookback
7. Tuition Historical Lookback
8. PERS – Historical Lookback and Projection
9. Oregon Tech Employee Health Insurance Expense Historical Lookback
10. General Fund Balance

# University Budget Types



- General Fund Budget: This is the primary university budget known as the operating budget. This is the budget that is approved by the Board of Trustees. It is also referred to as the E&G (Education & General) budget.
- Special General Funds: This is part of the General Fund and is revenue or fee funded areas such as matriculation fee funds, testing, peer consulting, etc.
- Auxiliary Services: Considered “self-support”. These are revenue or fee funded areas such as campus housing, parking permits, incidental fees, student recreation fee, student health fee, athletics, etc.

# FY 2022-23 Board Adopted Budget

## Key Changes Contributing to 5.3% Increase to FY2022-23 Permanent Budget:

- **PERS Rates** - for the 2021-23 biennium, PERS rates were expected to increase by 6.6%.
- **AAUP Salaries & OPE** - Base salaries and OPE for Association of America University Professors (OT-AAUP) faculty increased over the prior year budget by the amount of negotiated raises for CY 2022.
- **Unclassified Salaries & OPE** - Staff base salaries and OPE are budgeted to increase by as much as 2.0% in CY 2023.
- **Classified Salaries & OPE** – Base salaries and OPE for employees represented by Service Employees International Union (SEIU) increased over the prior year budget by the amount of negotiated step increases for CY 2022.

FY 2022-23 Oregon Tech General Fund Budget			
	FY 2021-22	FY 2022-23	Variance to Prior Fiscal Year
<b>Revenue</b>			
State Allocation	\$32,215,454	\$32,384,602	0.5%
Tuition and Fees (less special general funds)	41,891,640	39,290,381	-6.2%
Tuition Remissions	(6,039,143)	(5,346,310)	-11.5%
Additional Targeted Remissions	-	(200,000)	
Other Revenue (less special general funds)	827,627	994,813	
Special General Fund	1,908,372	1,848,613	
<b>Total Revenue</b>	<b>\$70,803,949</b>	<b>\$68,972,099</b>	<b>-2.6%</b>
<b>Expenses</b>			
Beginning Permanent Budget	\$68,992,094	\$72,621,634	5.3%
Salary Recapture	(2,500,000)	(2,500,000)	
Special General Fund Expenses	1,908,372	1,848,613	
Contingency Reserve	419,441	432,923	
Administrative Salary Pool (effective January 1, 2023)	270,914	103,948	
Faculty Salary Pool (effective January 1, 2023)	513,603	279,981	
Classified Salary Pool	460,188	-	
Applied Computing and Rural Health Initiatives	-	5,000,000	
<b>Sub Total Expenses</b>	<b>\$70,064,612</b>	<b>\$77,787,099</b>	<b>11.0%</b>
<b>Strategic Investments</b>			
DICE Director	\$192,399	-	
Portland Metro Academic Advisor	80,059	-	
Portland Metro Grants Business Manager	89,649	-	
CEET Facilities Costs	272,757	-	
Facilities Master Plan	100,000	\$100,000	
Administrative Staff Pay Equity Study	-	100,000	
Faculty Pay Equity Study	-	150,000	
Business Continuity/Disaster Recovery Plan	-	150,000	
Polytechnic Cost Study	-	185,000	
<b>Total Strategic Investments</b>	<b>\$734,864</b>	<b>\$685,000</b>	<b>-6.8%</b>
<b>Total Expenses</b>	<b>\$70,799,476</b>	<b>\$78,472,099</b>	<b>10.8%</b>
<b>Other Resources</b>			
Transfer In - Applied Computing and Rural Health Funds	-	\$5,000,000	
Transfer In - COVID Relief Funds (HEERF)	-	3,000,000	
Reserves	-	1,500,000	
<b>Total Net</b>	<b>\$4,473</b>	<b>\$0</b>	



**General Fund Monthly Report**  
FY 2022-23 November (in thousands)

	YTD Comparison		FY 2022-23 Budget & Forecast					Notes
	FY 2021-22 November Actuals	FY 2022-23 November Actuals	FY 2021-22 Year End Actuals	FY 2022-23 Board Adopted Budget (BAB)	FY 2022-23 Adjusted Budget	FY 2022-23 Forecast	Forecast to Budget Variance	
<b>Revenue</b>								
State Allocations	\$24,631	\$20,233	\$37,407	\$32,385	\$32,385	\$33,744	\$1,360	(1)
Tuition & Fees	25,361	25,435	38,190	39,832	39,875	37,706	(2,126)	(2)
Remissions	(2,067)	(2,359)	(5,837)	(5,546)	(5,546)	(5,805)	(259)	
Other	825	1,273	2,259	2,302	2,254	2,302	-	
<b>Total Revenue</b>	<b>\$48,750</b>	<b>\$44,583</b>	<b>\$72,019</b>	<b>\$68,972</b>	<b>\$68,967</b>	<b>\$67,947</b>	<b>(\$1,025)</b>	
<b>Expenses</b>								
Administrative Staff Salary	\$3,319	\$3,487	\$8,204	\$9,700	\$9,700	\$9,230	(\$470)	
Faculty Salary	3,597	3,718	12,783	14,227	14,227	13,438	(790)	
Adjunct and Admin/Faculty Other Pay	1,375	1,323	3,726	3,457	3,457	3,495	38	
Classified	2,320	2,501	5,838	6,321	6,321	6,150	(172)	
Student	233	294	755	1,063	1,063	842	(221)	
GTA	25	37	74	121	121	106	(15)	
OPE	6,721	6,770	17,207	19,252	19,252	17,821	(1,431)	
<b>Total Labor Expense</b>	<b>\$17,590</b>	<b>\$18,130</b>	<b>\$48,588</b>	<b>\$54,142</b>	<b>\$54,142</b>	<b>\$51,082</b>	<b>(\$3,060)</b>	(3)
Service & Supplies	\$5,753	\$6,623	\$12,762	\$21,463	\$21,460	\$15,484	(\$5,979)	(4)
Internal Sales	(528)	(545)	(1,272)	(1,356)	(1,356)	(1,271)	85	
Debt Service	98	981	631	1,189	1,189	1,579	390	(5)
Capital	479	102	153	185	185	250	65	
Utilities	505	457	1,820	1,335	1,335	1,335	-	
Transfers In	-	-	-	-	-	-	-	
Transfers Out	-	723	1,433	1,462	1,462	1,462	-	
<b>Total Direct Expense</b>	<b>\$6,308</b>	<b>\$8,341</b>	<b>\$15,527</b>	<b>\$24,279</b>	<b>\$24,276</b>	<b>\$18,840</b>	<b>(\$5,439)</b>	
<b>Total All Expense</b>	<b>\$23,898</b>	<b>\$26,471</b>	<b>\$64,115</b>	<b>\$78,421</b>	<b>\$78,417</b>	<b>\$69,922</b>	<b>(\$8,499)</b>	
<b>Net from Operations before Other Resources (Uses)</b>	<b>\$24,852</b>	<b>\$18,112</b>	<b>\$7,904</b>	<b>(\$9,449)</b>	<b>(\$9,450)</b>	<b>(\$1,975)</b>		(6)
<b>Other Resources (Uses)</b>								
Transfers In	\$0	\$1	\$78	\$8,000	\$8,000	\$1,001		
Transfer Out	-	(200)	(6,059)	(51)	(51)	(251)		
Use of Reserve	-	-	-	1,500	1,500	1,500		
<b>Total Other Resources (Uses)</b>	<b>\$0</b>	<b>(\$199)</b>	<b>(\$5,981)</b>	<b>\$9,449</b>	<b>\$9,449</b>	<b>\$2,250</b>		(7)
<b>Total from Operations and Other Resources (Uses)</b>	<b>\$24,852</b>	<b>\$17,913</b>	<b>\$1,923</b>	<b>(\$0)</b>	<b>(\$2)</b>	<b>\$275</b>		(8)
Beginning Fund Balance	\$15,235	\$17,218	\$15,235	\$17,218	\$17,218	\$17,218		
Fund Balance Adjustment	-	-	60	(1,500)	(1,500)	(1,500)		
<b>Ending Fund Balance</b>	<b>\$40,087</b>	<b>\$35,131</b>	<b>\$17,218</b>	<b>\$15,718</b>	<b>\$15,717</b>	<b>\$15,993</b>		
Fund Balance as % Operating Revenues	N/A	N/A	23.9%	22.79%	22.8%	23.5%		

**Notes:**

- (1) **FY 2022-23 State Allocations Forecast**- State allocation increased by \$1.3M following HECC October 2022 formula corrections and data reconciliation.
- (2) **FY 2022-23 Tuition Forecast**- Reflects impact of unexpected 5.9% enrollment decline (excludes ACP). Flat enrollment was budgeted for FY 2022-23.
- (3) **FY 2022-23 Labor Expense Forecast**- Reflects budgeted positions remaining unfilled along with benefits and other payroll expenditures being less than expected.
- (4) **FY 2022-23 Forecast** - \$4M in reduced spending is anticipated from a slower pace of expenditures related to Applied Computing and Rural Health Initiatives. Unexpended Special Item Funds for this initiative were rolled forward from FY 2021-22 and budgeted as a Transfer-In for FY 2022-23 as intended from state allocation.
- (5) **FY 2022-23 YTD Actuals** - Debt service is higher than prior year due to front-loaded savings from May 2021 state bond refinancing for improved interest rates.
- (6) **FY 2022-23 Net from Operations before Transfers In and Out Forecast**- Because of reduced spending, the net loss at yearend is forecasted to be less than budgeted.
- (7) **FY 2022-23 Forecast for Use of Non-operating Funds** - Net transfers-in from non-operating resources is expected to be less due to pace of spending in Applied Computing and Rural Health Initiatives and savings in other areas.
- (8) **FY 2022-23 Yearend Forecast**- Just over breakeven with use of only about \$2.2M in transfers-in rather than the \$9.4M originally budgeted.



# Major Components of the E&G Budget



- **Revenue:**

- State Appropriations (47% of total revenue budget)  
Impacted by Student Success and Completion Model (SSCM) and state tax revenue
- Tuition, net of remissions (50% of total revenue budget)  
Impacted by Enrollment, Higher Education Coordinating Commission (HECC) Oversight
- Other (3% of total revenue budget)

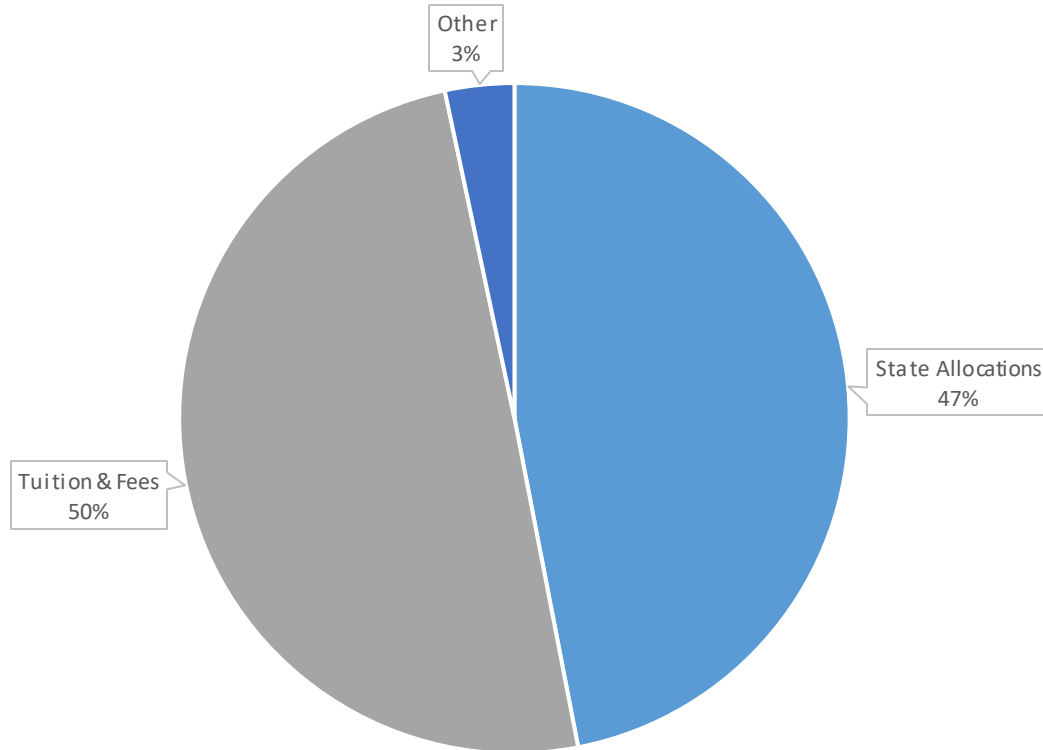
- **Expenses:**

- Staff and Faculty (43% of total expense budget)
- Other Payroll Expenses (25% of total expense budget)  
Retirement, Health, and miscellaneous federal/state taxes and benefits
- Services and Supplies  
Debt service, utilities, office supplies, etc. (29% of total expense budget)
- Transfers Out (2% of total expense budget)
- Other (1% of total expense budget)  
Student pay, capital expenditures

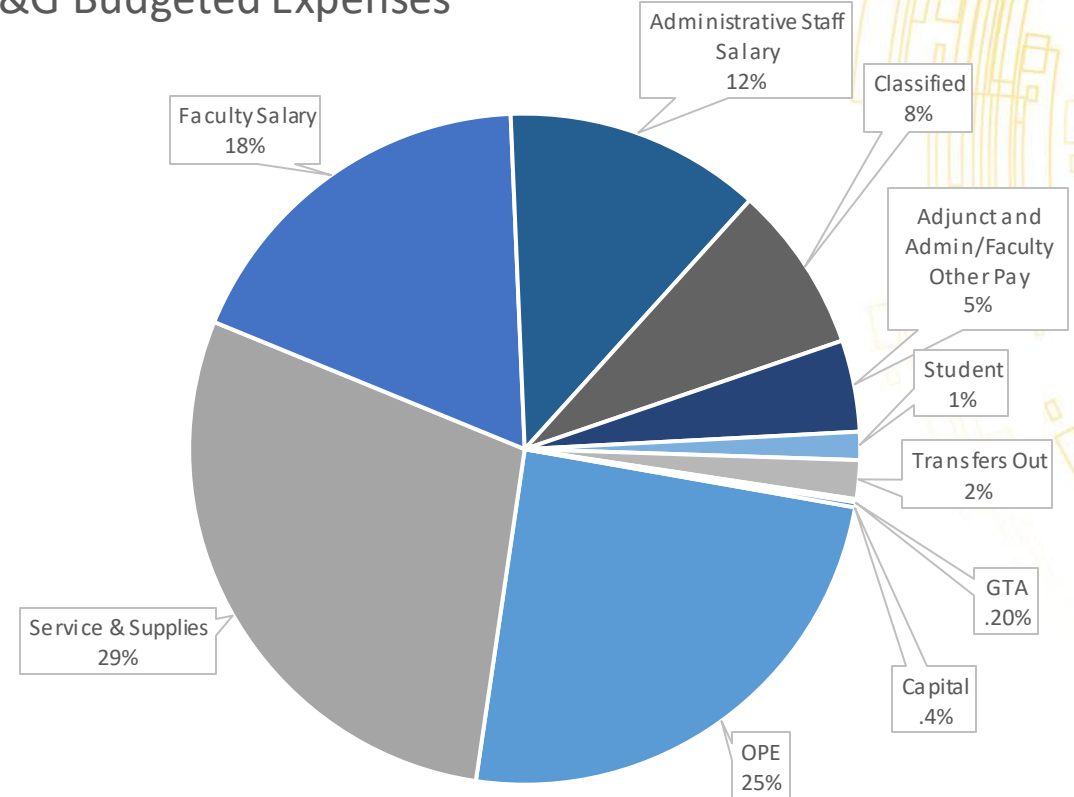
# Major Components of FY23 E&G Budget



E&G Budgeted Revenues



E&G Budgeted Expenses






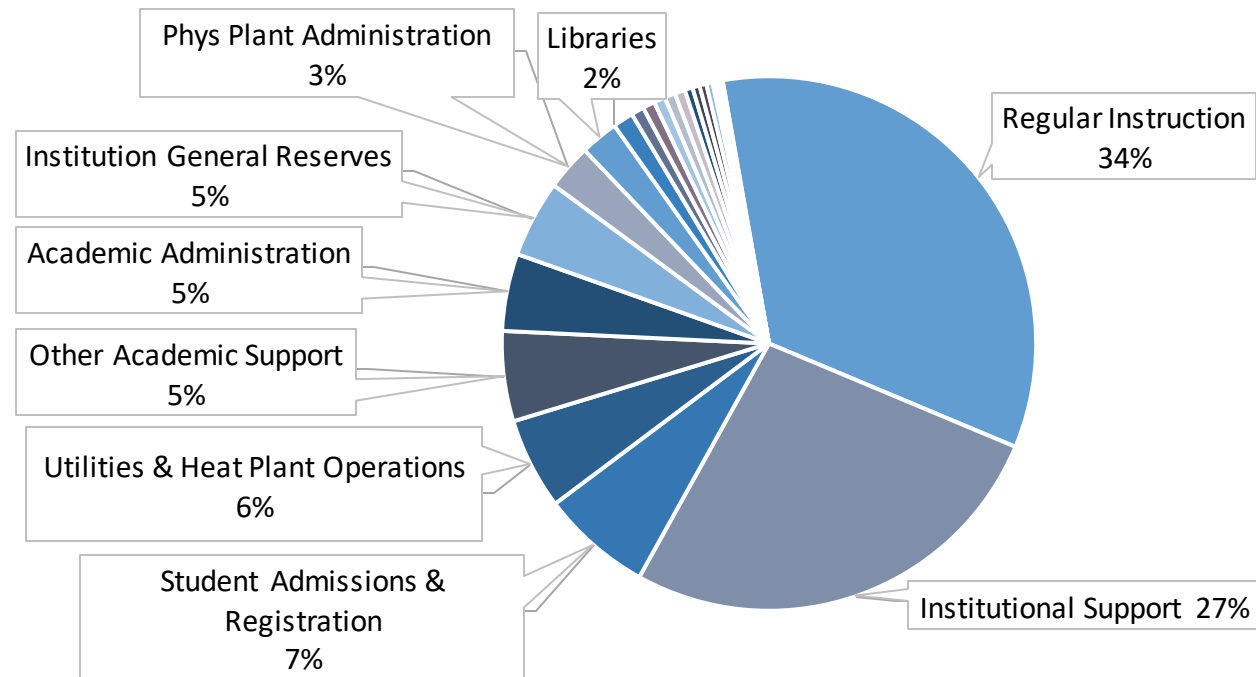
# Major Components of the E&G Budget – Supplies and Services by Program Code



1. Regular Instruction (34%)
2. Institutional Support (27%)
3. Student Admissions & Registration (7%)
4. Utilities & Heat Plant Operations (6%)
5. Other Academic Support (5%)

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1. Information Technology Services (51%)
  2. Risk Management Insurance (15%)
  3. University Shared Services Enterprise Contracts (8%)

FY23 Supplies and Services Budget by Program Code

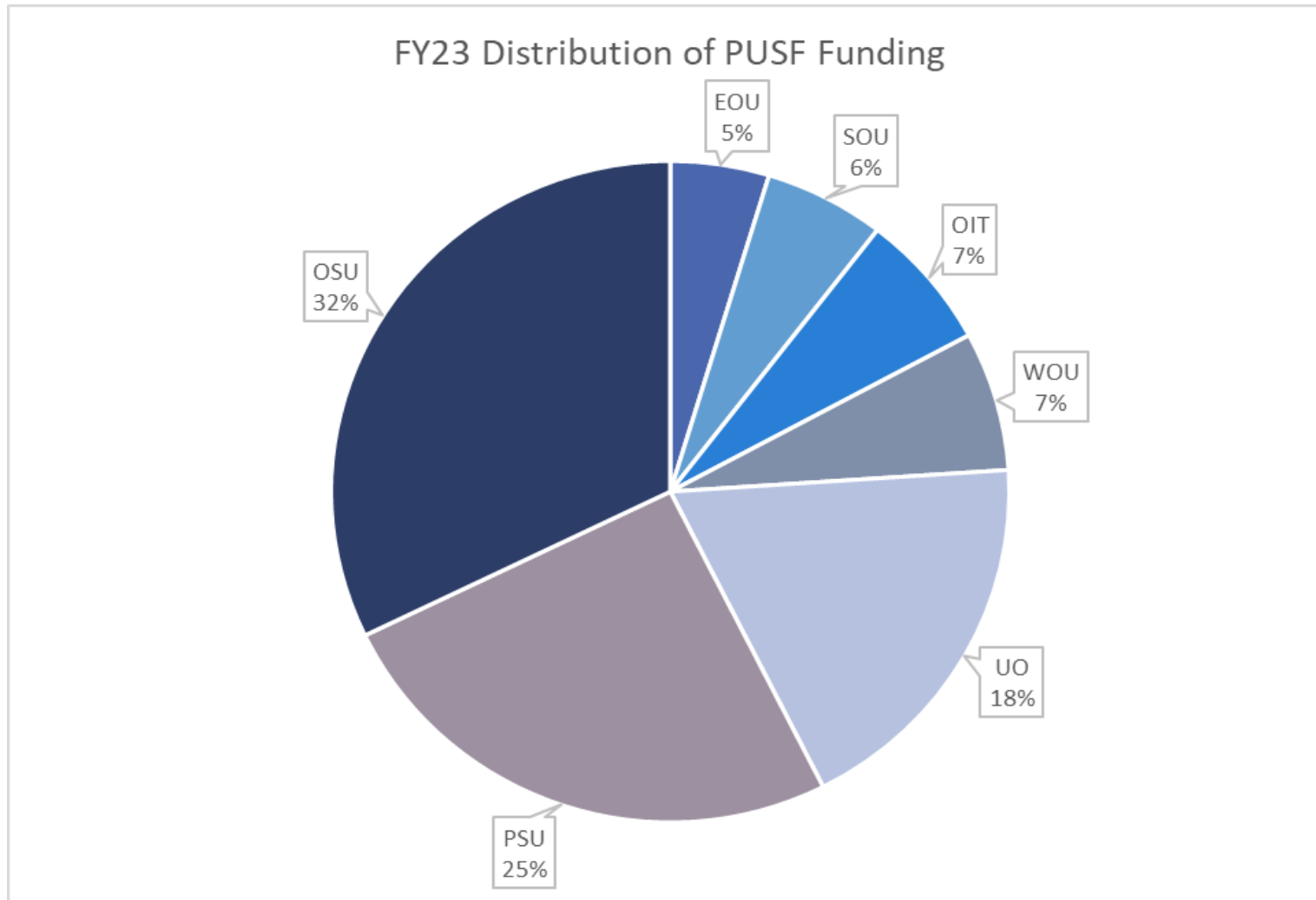


# Public University Support Fund

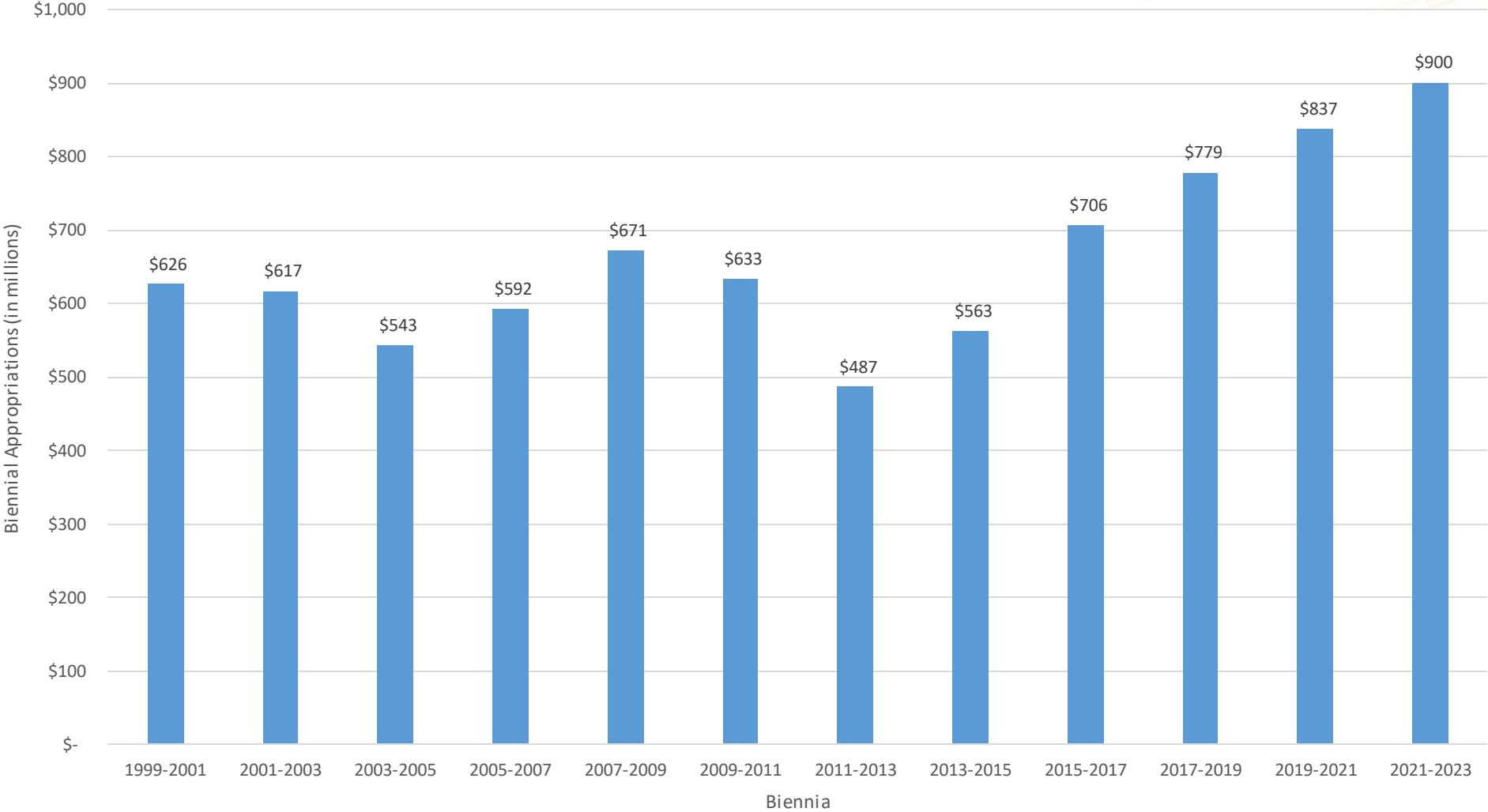


- The Oregon State Legislature funds the Public University Support Fund (PUSF) which is split between all seven public universities in Oregon.
- The PUSF is distributed through a funding formula called the Student Success and Completion Model (SSCM). The funding model has three categories:
  - Mission Differentiation Funding – supports the unique regional, research, and public service missions and activities of each university.
  - Activity-Based Funding – based on resident student credit hour (SCH) completions at undergraduate and graduate levels.
  - Outcomes-Based Funding – based on resident degree and certificate completions. Completions by underrepresented students (minority, low-income, rural, and veteran status) and those in academic disciplines in high-demand and high-reward fields (STEM, Health, Bilingual Education) are provided additional weighting in the allocation formula.

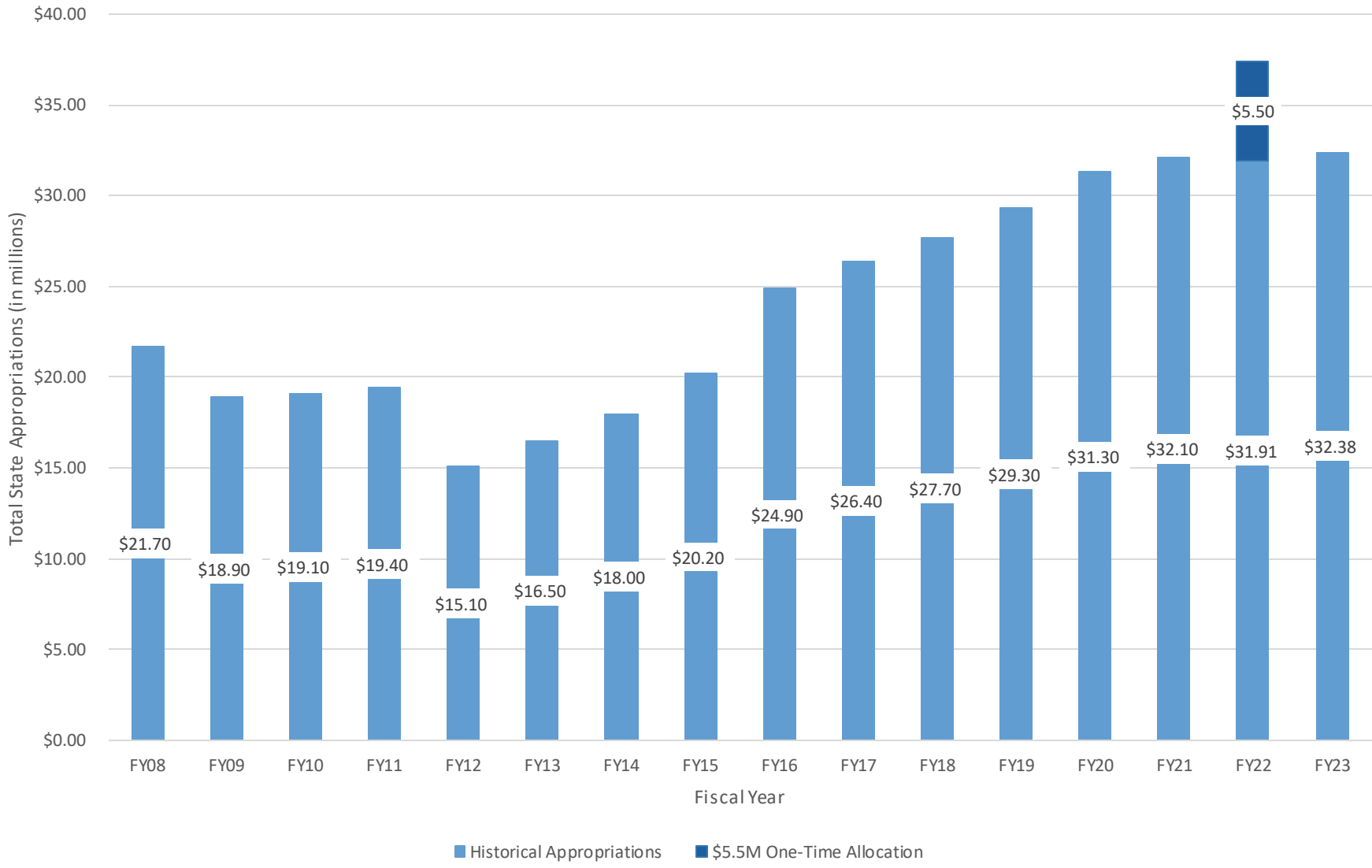
# Public University Support Fund FY23 Distribution



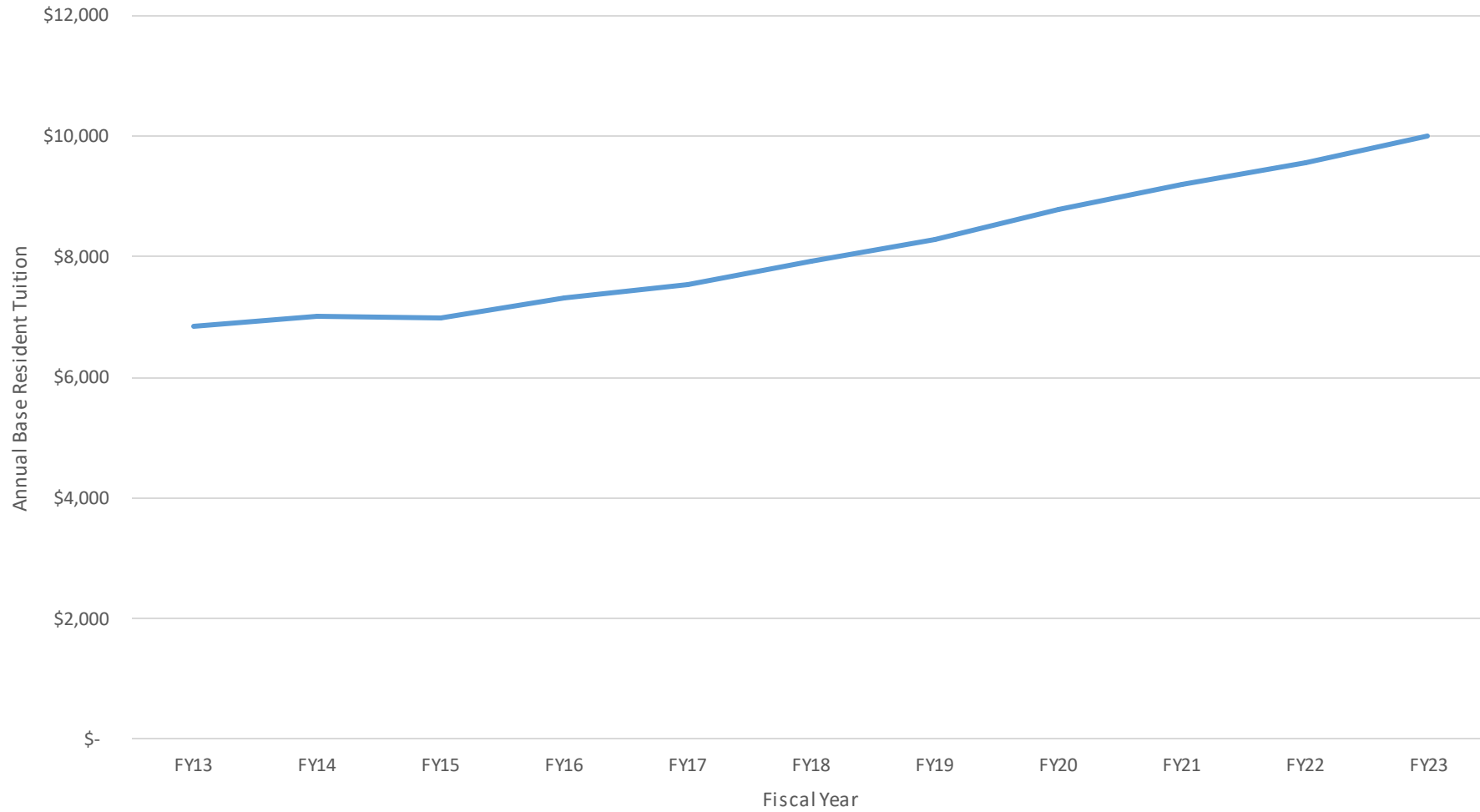
# Total Historical State PUSF (in millions)



# Total Oregon Tech State Allocations (in millions)

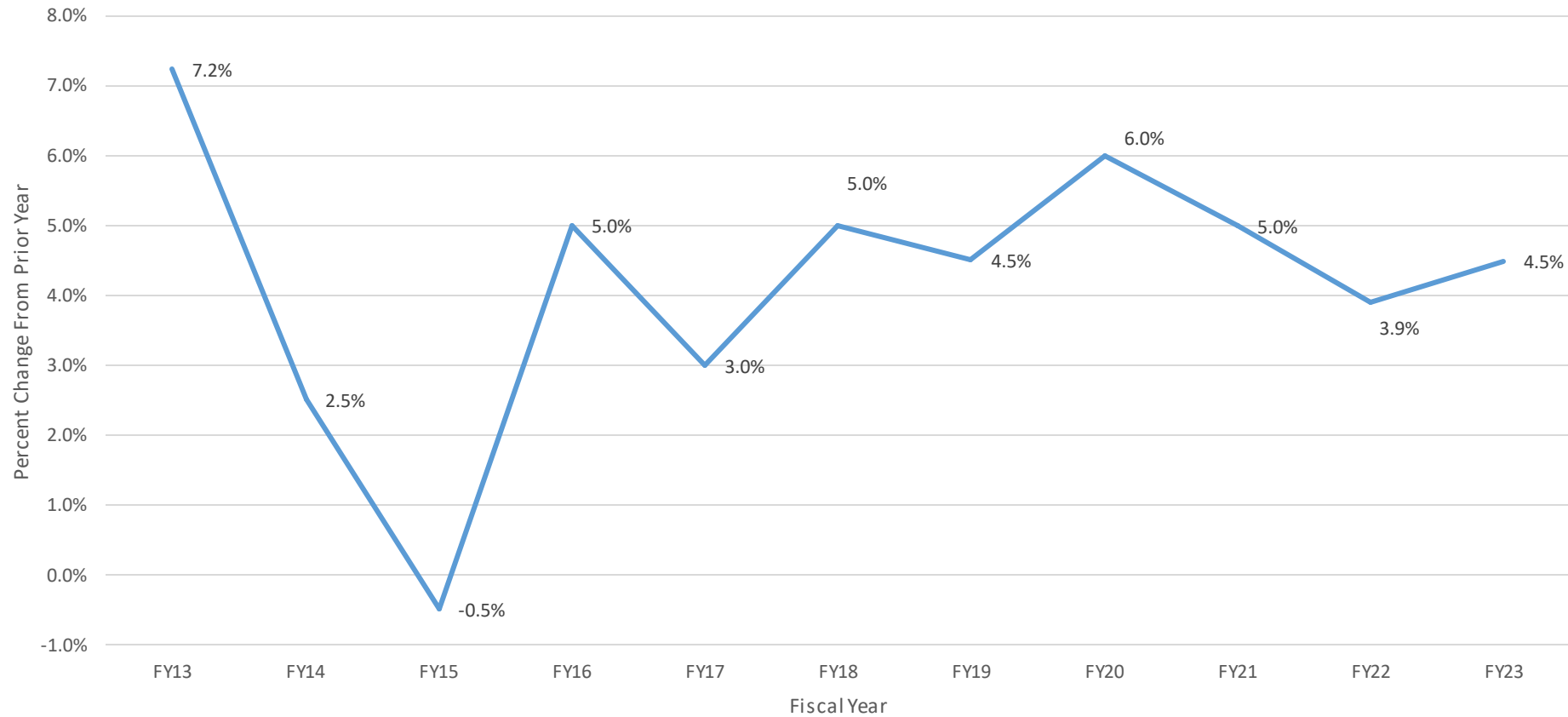


# Oregon Tech Tuition History

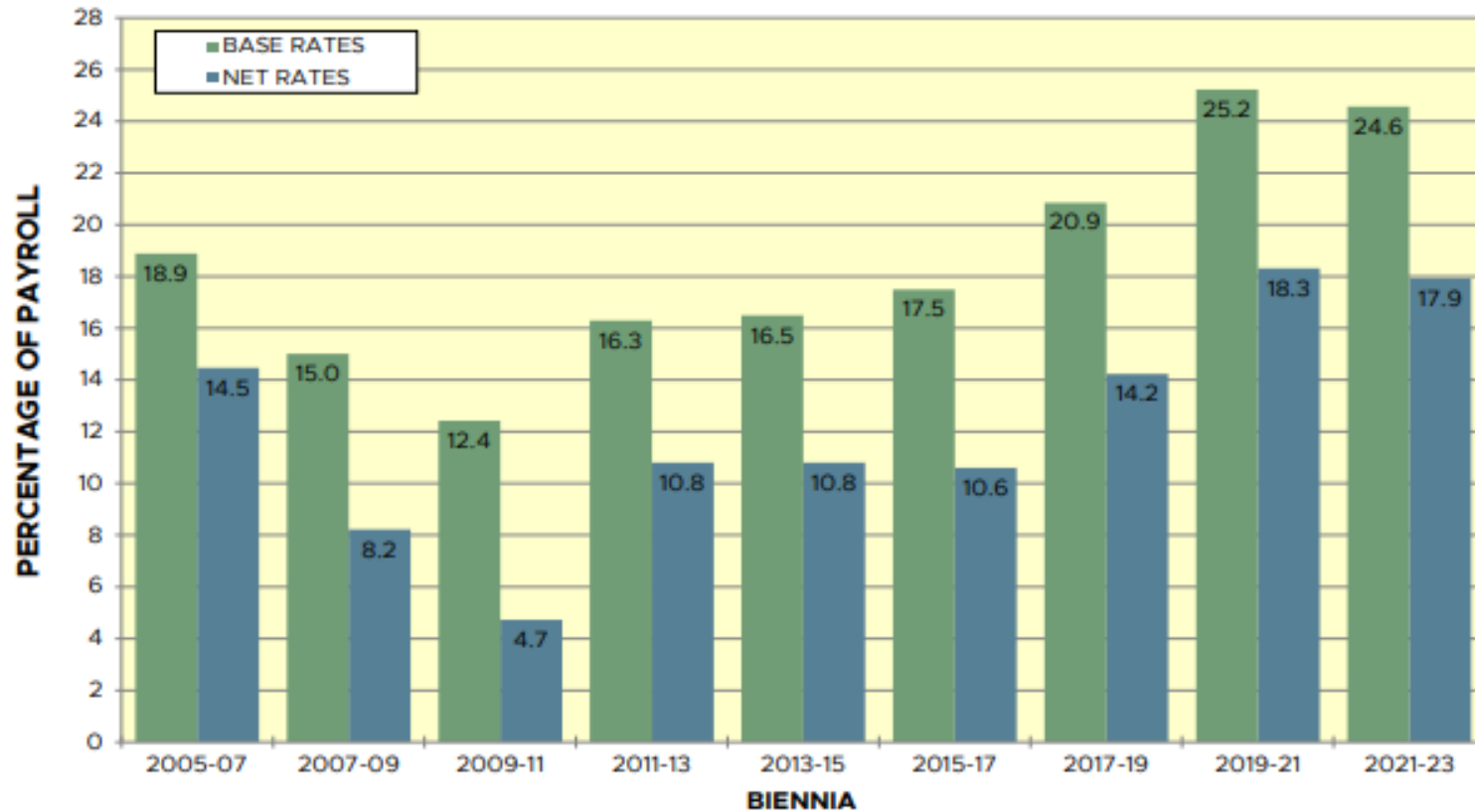


# Oregon Tech 10 Year Tuition History

## % Change Year over Year



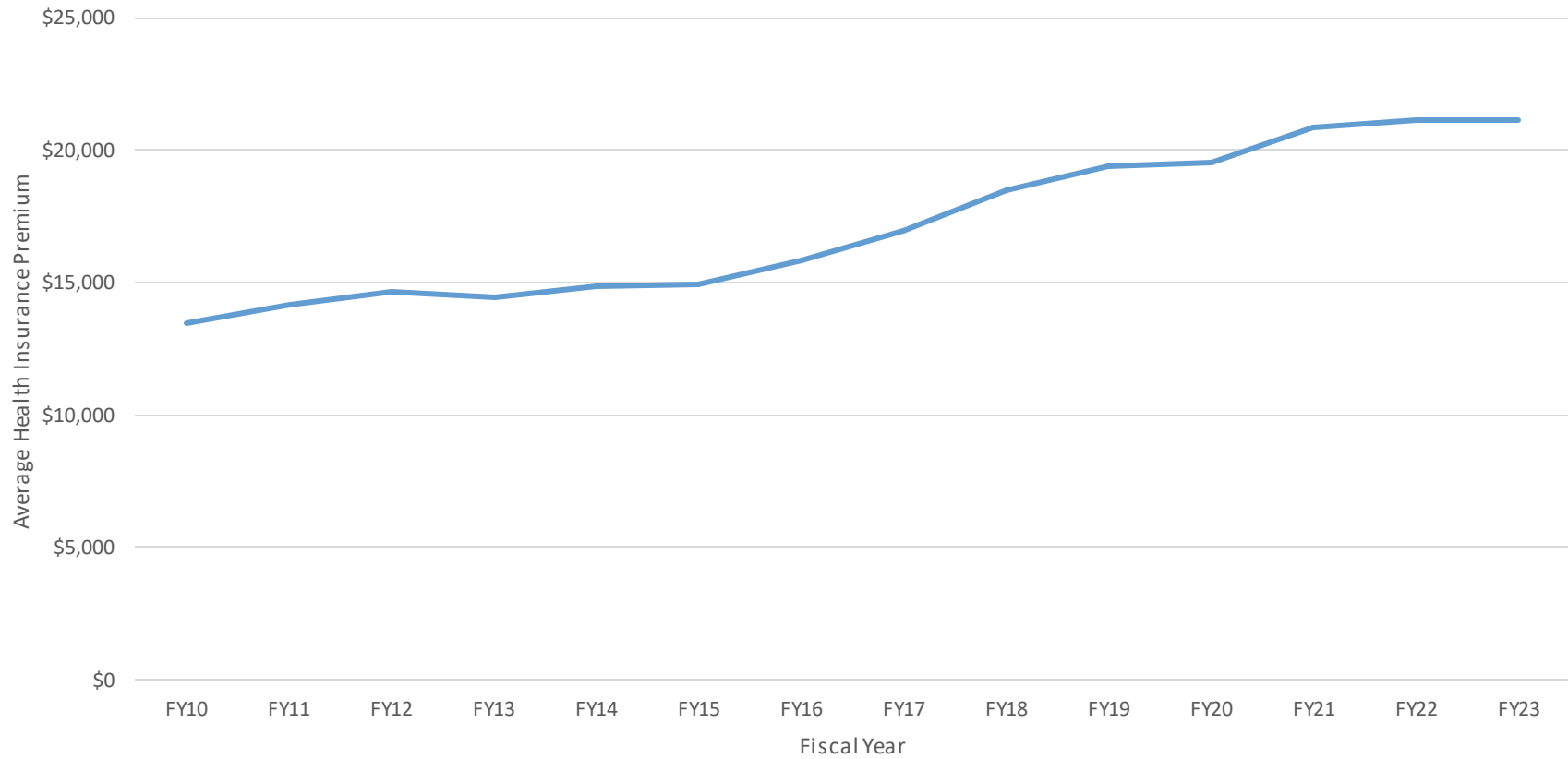
# OPE: PERS Rate Expansion

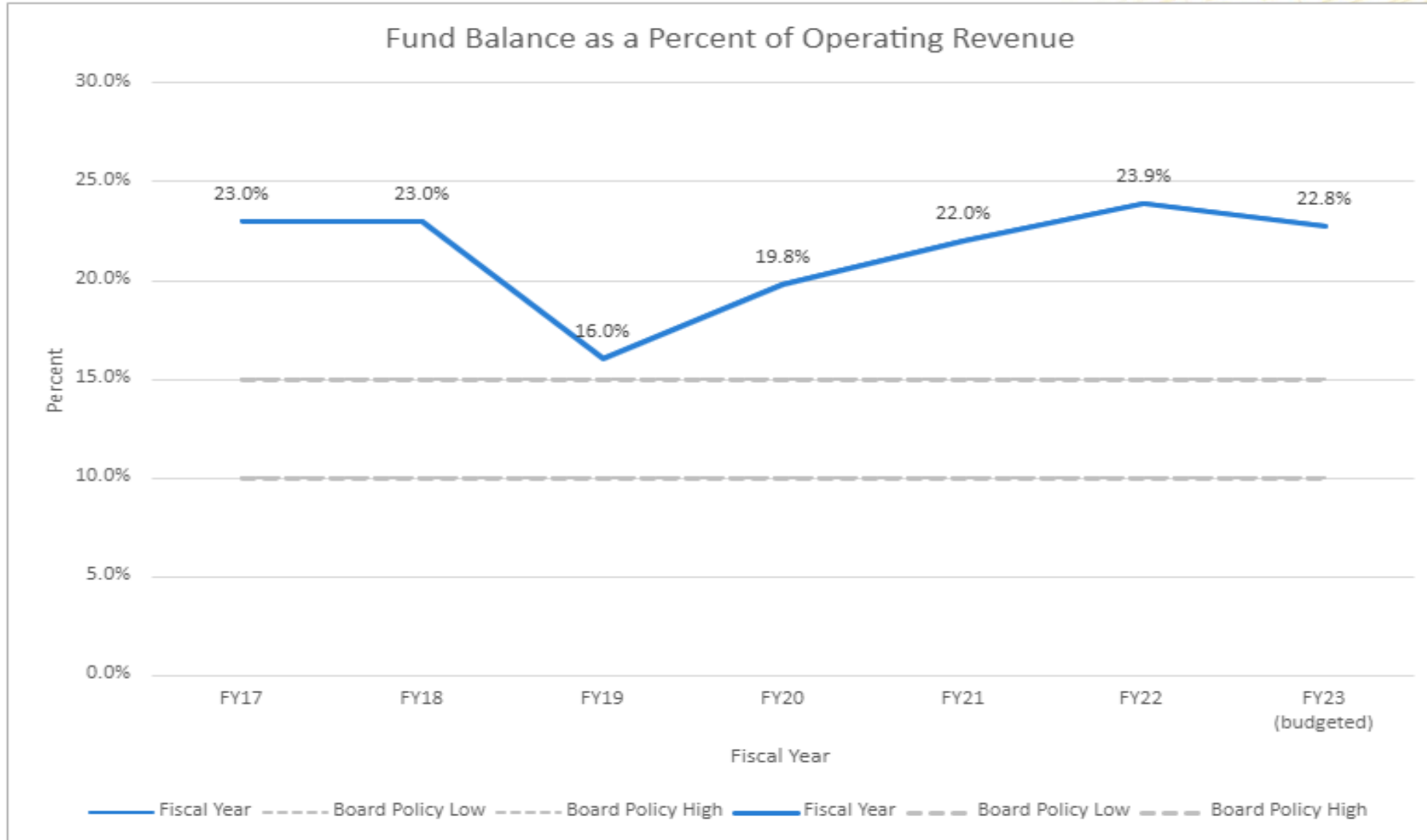


- Base Rates are system-wide average employer contribution rates without side account offsets.
- Net Rates are system-wide average employer contribution rates including.
- Excludes member contributions and RHIA/RHIPA healthcare contributions.
- Includes Tier One, Tier Two, and OPSRP.
- 2021-23 rates reflect actuarial assumptions adopted by the PERS Board in 2018, investment returns for 2018 and 2019, and include the effects of the member redirect offset from Senate Bill 1049 (2019).



# Annual Employee Health Insurance





*Board Policy is to maintain a fund balance between 10% and 15% of annual budgeted operating revenues.*



Questions?