

FISCAL OPERATIONS ADVISORY COUNCIL  
MAY 17, 2023



# Oregon Tech FY 2023-24 Budget Overview

John Harman, MBA, CGMA, CMPE  
Vice President of Finance & Administration

# Presentation Outline

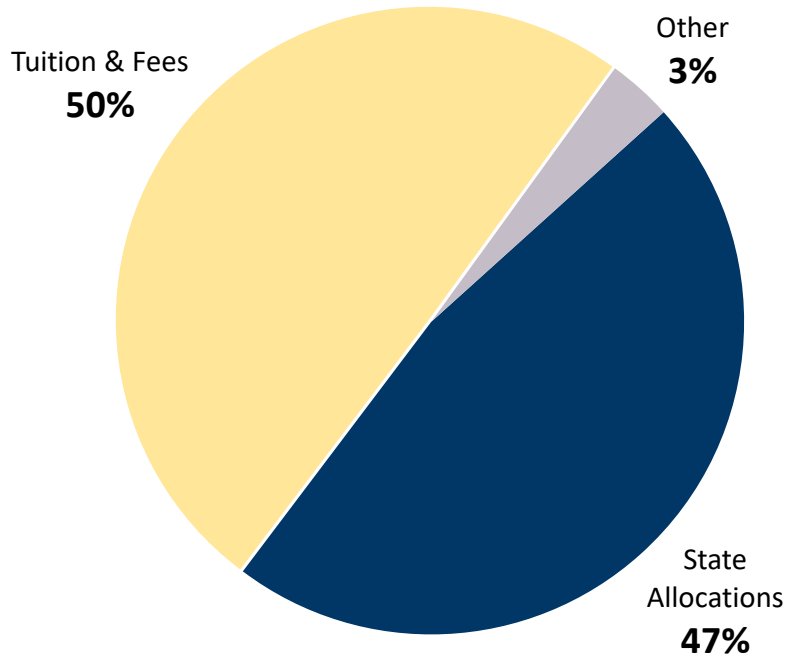
- Budget background
- Planning and challenge to close deficit
- Strategic investments
- Budget presentations
- Next steps



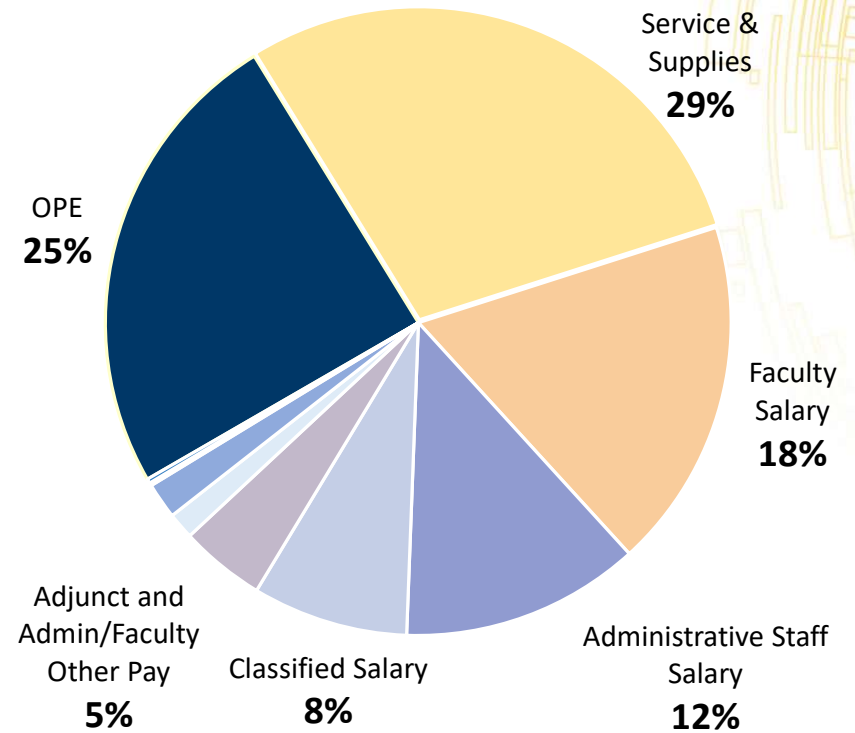
# Major Components of E&G Budget



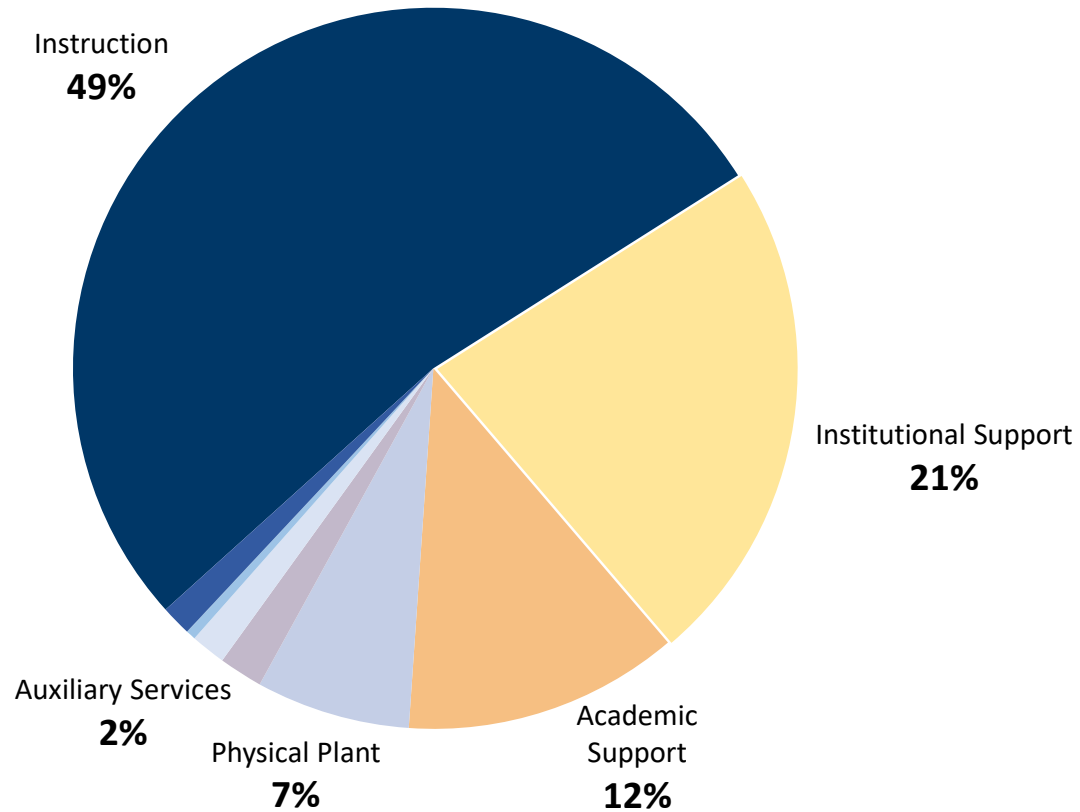
## Budgeted Revenue



## Budgeted Expenses



# E&G Expenses by Function (program code)



*Notes: Operational expenses only – excludes budgeted use of reserve and prior year state allocations*

# Persistent Budget Development Challenges



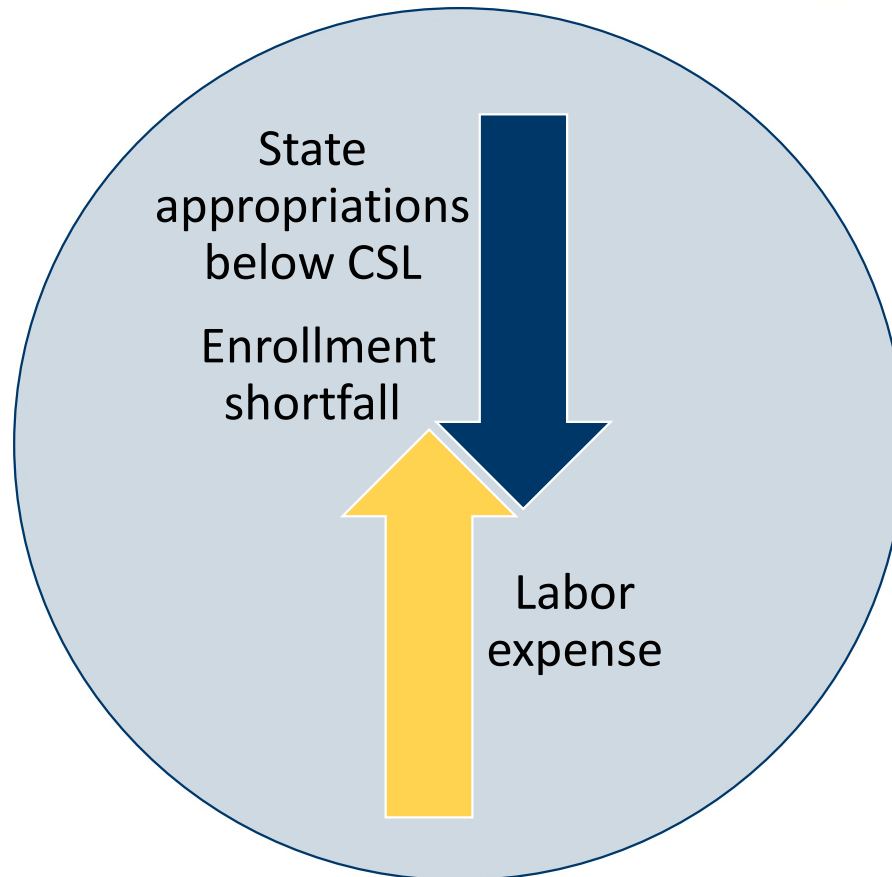
- Reliance on forecasting and assumptions
- Early enrollment projections drive tuition revenue estimates
- Uncertainty until mid-April regarding tuition and fee rates
- State funding is uncertain since state legislature is not recessed until June
- HECC funding formula (SSCM) administration is subject to corrections, modifications, and October “true-up” where data and funding is updated for all seven institutions
- Health and retirement costs (externally determined) and long-term organized labor commitments (contractually obligated)

# FY 2023-24 Budget Goals

- Sustain student support service levels
- Maintain academic degree program quality
- Enhance continuity and availability in program offerings through targeted faculty recruitment
- Avoid impacting filled positions at all levels
- Expand investments in enrollment and retention initiatives and online programs



# FY 2023-24 Core Challenge



# FY 2023-24 Early Budget Projections (Feb 2023)



	FY 2022-23 Board Approved Budget <sup>1</sup>		FY 2023-24 Budget Projection		0% Tuition Increase Variance
<b>Revenue</b>					
Gross tuition and fees	\$	39,832	\$	37,706	\$ (2,126)
Less fee remissions		(5,546)		(5,805)	(259)
<b>Net tuition</b>	<b>\$</b>	<b>34,286</b>	<b>\$</b>	<b>31,900</b>	<b>\$ (2,385)</b>
State allocations		32,385		33,950	1,566
Other		2,302		2,302	\$ -
<b>Total revenue</b>	<b>\$</b>	<b>68,972</b>	<b>\$</b>	<b>68,152</b>	<b>\$ (820)</b>
<b>Expenses</b>					
Labor	\$	54,142	\$	56,162	\$ 2,020
Supplies and Services		17,817		17,304	(513)
Transfers		1,462		1,513	51
<b>Total expenses</b>	<b>\$</b>	<b>73,421</b>	<b>\$</b>	<b>74,979</b>	<b>\$ 1,558</b>
<b>Net from Operations before Other Resources (Uses)</b>	<b>\$</b>	<b>(4,449)</b>	<b>\$</b>	<b>(6,826)</b>	<b>\$ (2,378)</b>
<b>Other Resources (Uses)</b>					
Transfers In	\$	3,000	\$	-	\$ (3,000)
Transfers Out		(51)		-	51
Use of Reserve		1,500		-	(1,500)
<b>Total from Operations and Other Resources (Uses)</b>	<b>\$</b>	<b>(0)</b>	<b>\$</b>	<b>(6,826)</b>	<b>\$ (6,826)</b>

Notes: These projections are preliminary and are subject to change

(1) For comparability, Applied Computing and Rural Health Initiatives expenses and transfer-in are removed



# Recent Enrollment Decline

- Fall 2021 enrollment was down 9.8%\*
- Fall 2022 enrollment was down an additional 5.9%\*
- FY 2023-24 budget assumes 0% enrollment increase
- Insufficient information at this time to support assumption for increase

\* Excludes High School (ACP)



AC0

## Slide 9

---

**AC0**

I had 8% in my mind, but I looked at the TRC presentation Dr. Mott sent, and it has 9.8%.

Anna Clark, 2023-05-09T17:36:28.596

# State Funding Outlook



- Public Universities requested a \$150M (17%) increase in PUSF for 2023-25 biennium.
- Included 8.67% CSL increase, an inflationary adjustment on expenses traditionally covered by state funds.
- Remainder was to improve overall share of student education costs funded by the state and to support essential student wrap-around services.
- Neither the GRB (4% increase) nor the Co-Chairs' budget (5.4% increase) meets the OPUs requested CSL increase for PUSF.
- Without additional state funding, use of reserves, or expense reductions, an 18.5% tuition increase would have been required in AY 2023-24.

# Tuition Setting Conversations



- How do we minimize the financial impact of the enrollment shortfall, loss of state funding, and increasing labor costs on the cost of attendance?
- How do we maintain the accessibility and quality of educational programs?
- How do we respond to the enrollment drop without impacting long-term goals for growth and continuous improvement?
- How do we avoid impacting filled positions at all levels?

# Tuition Increase



- The Tuition Recommendation Committee (TRC) recommended a 5% tuition and fee increase
- The President's recommendation to the Board was a 4.9% tuition and fee increase
- Board of Trustees approved a 4.9% tuition and fee increase | April 2023

# FY 2023-24 Budget Development Assumptions



- Enrollment will remain flat, at 5.9% below initial FY 2022-23 projections → \$0.5M less tuition revenue than budgeted in FY 2022-23 (with 4.9% tuition increase)
- Oregon Tech SSCM allocation will be increased by 4.4% → Formula funding increase of \$1.4M over FY 2022-23 allocation
- Estimated vacant positions salary savings already included in budget → Budgeted salary savings from vacant positions \$(3.5M)
- Remissions to continue at about 15% → \$(5.8M) reduction to gross tuition, up 1% from FY 2022-23
- Retirement costs will continue to increase MDO → Labor expense is expected to increase by 4%

## Slide 13

---

**MD0** Is this disingenuous - we know pebb is going up but we aren't budgeting an increase to our health costs, maybe consider saying employee benefits instead to be a bit more vague

Maria Depuy, 2023-05-10T15:18:05.854

# Faculty and Staff Salaries and Benefits



- Faculty AAUP 1% across-the-board salary increase and 1% merit pool
- Classified SEIU obligations for step increases and longevity pay
- Administrative staff contingent across-the-board salary increase MD0
- Compounding benefit expense resulting from salary increases MD1
- Employee benefits are an additional 69% on salary on average



## Slide 14

---

- MD0** I think we should say the % here too if we are going to say the percent on faculty  
Maria Depuy, 2023-05-10T15:18:40.438
- MD0 0** [@Anna Clark]  
Maria Depuy, 2023-05-10T15:23:30.560
- AC0 1** [@Maria Depuy] We don't know what the percentage will be (we do for faculty). Thoughts on that?  
Anna Clark, 2023-05-10T15:55:05.904
- MD0 2** I thought we had 2% in the draft budget?  
Maria Depuy, 2023-05-10T15:58:00.339
- MD1** Should we say something like "compounding benefit expense resulting from increases on salaries"?  
Maria Depuy, 2023-05-10T15:19:21.739

# Strategic Investments

- Math Learning Lab
- Bridge Funding for AIRE Lab
- AVP Strategic Enrollment Management and Retention
- Assistant Director of Admissions
- Director of Career Services
- Dean of Students
- Associate Director of Environmental Health and Safety
- Associate Dean of HAS
- Dean for Online and Global Programs



# FY 2023-24 Draft Budget

## FY 2023-24 General Fund Budget - *draft*

	FY 2022-23	FY 2023-24	Variance FY 2022-23 to FY 2023-24
<b>Revenues</b>			
State Allocation	\$ 32,384,602	\$ 33,819,717	4%
Tuition and Fees (less special general funds)	39,290,381	38,807,036	-1% (1)
Remissions	(5,346,310)	(5,805,377)	9%
New Targeted Remissions	(200,000)	-	-100%
Other Revenue (less special general funds)	994,813	1,275,771	28%
Special General Fund Revenue	1,848,613	1,926,987	4%
<b>Total Revenues</b>	<b>\$ 68,972,099</b>	<b>\$ 70,024,134</b>	<b>2%</b>
<b>Expenses</b>			
Permanent Budget	\$ 72,621,634	\$ 72,476,862	0%
Salary Recapture	(2,500,000)	(3,500,000)	40%
Special General Fund Expenses	1,848,613	1,926,987	4%
Contingency Reserve	432,923	517,603	20% (2)
Administrative Salary Pool (effective January 2024)	103,948	114,343	10%
Faculty Salary Pool (effective January 2024)	279,981	273,337	-2% (3)
Applied Computing and Rural Health Initiatives	5,000,000	-	-100% (4)
<b>Total Budgeted Expenses</b>	<b>\$ 77,787,099</b>	<b>\$ 71,809,132</b>	<b>-8%</b>



Double Click  
Thumbnail Above to  
Open Table

- (1) Tuition revenue assumes 0% enrollment increase
- (2) Contingency fund is 1.5% of new state allocation
- (3) FY 2023-24 portion of January 1, 2023 faculty increases are already in FY 2023-24 budget
- (4) Special state allocation received in full in FY 2022-23



## Slide 16

---

**AC0** More formatting if JH likes this approach.

Anna Clark, 2023-05-09T20:45:15.513

**AC1** Update to final once all numbers are in.

Anna Clark, 2023-05-11T15:26:57.657

# FY 2023-24 Draft Budget



## FY 2023-24 General Fund Budget - *draft* continued

### Strategic Investments

Facilities Master Plan	\$ 100,000	\$ -	
Administrative Staff Pay Equity Study	100,000	-	
Faculty Pay Equity Study	150,000	-	
Business Continuity/Disaster Recovery Study	150,000	-	
Polytechnic Cost Study	185,000	-	
Math Learning Lab	-	40,000	
Bridge Funding for AIR Lab	-	100,000	
AVP Strategic Enrollment Management and Retention	-	263,366	
Assistant Director of Admissions Operations	-	104,195	
Director of Career Services	-	159,559	
AVP and Dean of Students	-	187,241	
Associate Director of Environmental Health and Safety	-	131,877	
Associate Dean of Health, Arts, and Sciences	-	228,764	
<b>Total Strategic Investments</b>	<b>\$ 685,000</b>	<b>\$ 1,215,002</b>	<b>77%</b>
<b>Total Expenses</b>	<b>\$ 78,472,099</b>	<b>\$ 73,024,134</b>	<b>-7%</b>

### Net from Operations Before

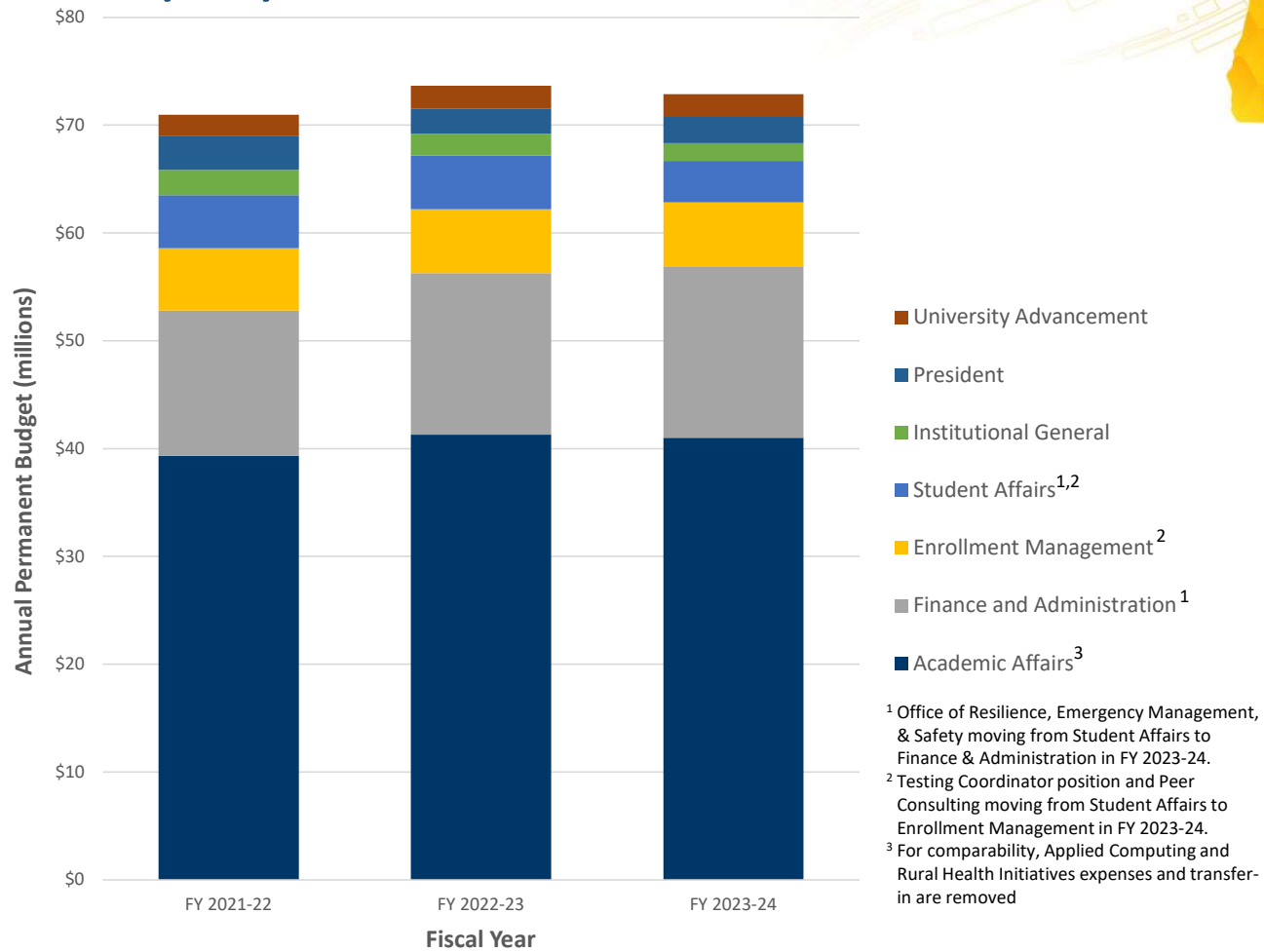
**Other Resources (Uses)                    \$ (9,500,000)    \$ (3,000,000)**

### Other Resources (Uses)

Transfer In - Applied Computing and Rural Health Funds	\$ 5,000,000	\$ -	(4)
Transfer In - COVID Relief Funds (HEERF)	3,000,000	-	
Use of Reserve	1,500,000	3,000,000	
<b>Total from Operations and Other Resources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	

- (1) Tuition revenue assumes 0% enrollment increase  
 (2) Contingency fund is 1.5% of new state allocation  
 (3) FY 2023-24 portion of January 1, 2023 faculty increases are already in FY 2023-24 budget  
 (4) Special state allocation received in full in FY 2022-23

# Budget History by Division



# Budget History by Division



Division	FY 2021-22 Permanent Budget	FY 2022-23 Permanent Budget <sup>4</sup>	FY 2023-24 Draft Board Adopted Budget	% Variance from FY 2022-23 to FY 2023-24	% Variance from FY 2022-23 to FY 2023-24 without Reorgs
Academic Affairs <sup>1</sup>	\$ 39,318,125	\$ 41,290,266	\$ 40,985,826	-0.7%	-0.7%
Finance and Administration <sup>2</sup>	13,489,553	14,981,418	15,919,671	6.3%	-0.6%
Enrollment Management <sup>3</sup>	5,775,775	5,907,713	5,922,351	0.2%	-1.0%
Student Affairs <sup>2</sup>	4,907,039	4,999,761	3,857,533	-22.8%	-0.9%
Institutional General	2,356,578	2,004,635	1,643,627	-18.0%	-18.0%
President	3,101,223	2,362,764	2,437,171	3.1%	3.1%
Advancement & Marketing	1,993,699	2,102,992	2,098,202	-0.2%	-0.2%
OMIC R&D	<u>312,146</u>	<u>257,028</u>	<u>159,753</u>	-37.8%	-37.8%
<b>Total</b>	<b>\$ 71,254,137</b>	<b>\$ 73,906,577</b>	<b>\$ 73,024,134</b>		

<sup>1</sup> For comparability, Applied Computing and Rural Health Initiatives expenses and transfer-in are removed

<sup>2</sup> Office of Resilience, Emergency Management, & Safety moving from Student Affairs to Finance & Administration in FY 2023-24.

<sup>3</sup> Testing Coordinator position and Peer Consulting moving from Student Affairs to Enrollment Management in FY 2023-24.

<sup>4</sup> Budget reflects increases for January 1st, 2023 faculty and staff increases that are not yet input in financial system.



# Budget Discussions



## Next Steps

- FOAC discussion
- President's recommendation
- Board approval

