

FINANCE & FACILITIES COMMITTEE | 5.17.2018



2018-19 Budget Recommendation

Brian Fox | Vice President of Finance and Administration | Oregon Tech

Budget Planning Assumptions



- **Scope:** Education & General (E&G) budget for fiscal year 2019
- **Goals:**
 - Balance the operating budget before strategic investment and contingencies
 - Create fiscal space for investments aligned with the 11 Short-Term Action Plan Goals
 - Ensure stability and continuity into FY 2019 to sustain forward momentum

Short-Term Action Plan Goals



1. Increase Reputational Capital
2. Increase Enrollment
3. Grow Student and Campus Diversity
4. Extend Academic Planning I (Essential Studies)
5. Extend Academic Planning II (Classroom Technology)
6. Invest in Talent
7. Grow Our Culture of Pride
8. Organizational Improvement I (Business Processes)
9. Organizational Improvement II (Entrepreneurial Culture)
10. Build Alumni Relations and Philanthropy
11. Leverage Academic and Industry Partnerships

Board's One-Time Funding Budget Philosophy



1. Generate increased revenue through creation of new or expanding existing applied-degree programs and/or university revenue producing functions that are affordable while being responsive to industry and student demand.
2. Generate recurring cost savings for both financial and human capital.
3. Contribute to the strategic mission of Oregon Tech.
4. Address unmet needs that do not necessarily result in increased revenue and/or generate recurring cost savings, especially where the nature of unrestricted funds can be used.

Budget Process



- Establish budget assumptions relating to tuition rates, enrollment, state funding, OPE rates, inflation, etc.
- Distribute budget development templates including assumptions to Vice Presidents and direct reports to the President
 - Shifted 85% of overload and adjunct funding into department budgets and remainder to Dean budgets to align budgets with decision making
 - Increased professional development funds for all employee types
 - Created departmental reserve/sinking fund accounts
- Met with budget owners across E&G and Auxiliary units and consolidated requests and justifications
- Senior Leadership and the Vice President's met to prioritize investments, new and replacement positions for approval by the President
- Finalized budget request for BOT consideration

Revenue Assumptions



- Increased Tuition and Fees based on Board direction at its March 22, 2018 meeting and subsequent approval by the HECC [+\$2.2M]
- Initial budget assumes flat SCH enrollment in on-site and on-campus locations and 5% increase in Distance Education with consistent distribution of Res/Non-Res/WUE students
- Maintained fee remissions at 12.1 % of tuition revenue [-\$410K]
- State appropriations at HECC forecast [\$1.6M]
- Miscellaneous income increased to reflection inflationary changes, enrollment adjustments and various changes

NET: +\$3.25M

Budgeted Revenues



General Fund Summary

Acct	FY19 Budget	FY18 Forecast	FY18 Budget (Adjusted)
State Allocations	\$29,301,174	\$27,657,000	\$27,656,930
Tuition & Fees	\$35,557,629	\$33,353,903	\$37,038,081
Remissions	(\$4,110,518)	(\$3,700,000)	(\$4,428,445)
Other	\$1,556,975	\$1,519,000	\$2,084,198
Total Revenue	\$62,305,259	\$58,829,903	\$62,350,764

Expense Assumptions



- Position roster rolled forward from current year, including 480 total positions (including 39 vacant positions)
- Full impact of prior year pay-plan increases, and steps/COLAs as established through collective bargaining agreements, less \$1M forecast salary savings [+\$2M]
- Retirement expenses calculated using published PERS Tier 1, 2, and 3/OPSRP pick up rates and current/forecast employee distribution health insurance increased at published PEBB rates [+\$2M]
- Service & Supplies (S&S) reduced by 5%, excluding professional development and utilities. Includes strategic investment funds and increased capital investments [+\$1.9M]

NET: \$5.9M

Budgeted Expenses (Labor)



General Fund Summary

Acct	FY19 Budget	FY18 Forecast	FY18 Budget (Adjusted)
Unclassified	\$24,593,769	\$23,561,378	\$25,379,534
Classified	\$6,000,017	\$5,348,135	\$5,747,192
Student	\$1,034,136	\$823,186	\$781,716
GTA	\$152,000	\$40,000	\$40,000
OPE	\$16,616,048	\$14,592,201	\$16,007,923
Total Labor	\$48,395,970	\$44,364,900	\$47,956,365

Budgeted Expenses (Non-Personnel Expenses)



General Fund Summary			
Acct	FY19 Budget	FY18 Forecast	FY18 Budget (Adjusted)
Travel	\$1,018,177	\$0	\$702,310
Professional Development	\$416,634	\$0	\$0
Supplies and Service	\$11,308,381	\$12,498,000	\$12,408,243
Capital	\$1,179,229	\$465,000	\$1,190,713
Net Transfers	\$1,082,098	\$1,095,000	\$1,390,803
Debt Service	\$1,468,483	\$1,272,000	\$1,471,570
Internal Sales	(\$491,400)	(\$1,107,000)	(\$1,107,064)
Equipment Sinking Fund	\$113,656	\$0	\$0
Total Non-Personnel Expense	\$16,095,258	\$14,223,000	\$16,056,575
Total All Expenses	\$64,491,228	\$58,587,900	\$64,012,940

Ongoing Investments



- Emergency Reserve Fund was increased to ensure adequate liquid loss reserves in case of insurable or non-insurable losses during the normal course of business
- ITS was funded to replace 25% of classroom computing resources next fiscal year (25% will be replaced using this fiscal year's budget)
- Campus beautification funding was increased to fund ongoing grounds maintenance and improvements
- Various minor adjustments to budgets where necessary to support ongoing operations

President's Strategic Fund



- **Contingency Funds** – a contingency fund was established to fund unforeseen expenditures that arise through the normal course of business [+\$250K]
- **Strategic Fund and Salary Pool** – the strategic fund was funded to support investments aligned with the 11 Short Term Action Goals and the BOT's one time investment criteria as well as to fund possible salary increases [+\$815K]
- **Positions** – 12.0 additional FTE are slated for next year focused on immediate growth potential, operating effectiveness, and long-term growth opportunities [+\$1.2M]

NET: \$2.2M

Strategic Investments



General Fund Budget Request	
Total Revenue	\$62,305,260
Total Expenses	\$62,259,868
Net Revenue	\$45,392
Investments	
Contingency Fund	\$250,000
Strategic Fund & Salary Poc	\$814,480
New Positions	<u>\$1,166,880</u>
Total Strategic Fund	\$2,231,360
Total FY19 Budget	(\$2,185,968)



Questions