

FINANCE & FACILITIES COMMITTEE | 5.30.2019



Oregon Tech FY 2020 Budget

Brian Fox | VP Finance & Administration

Agenda



1. Budget Drivers
 1. State Funding & Tuition Assumptions
 2. Expense Drivers
2. Closing the Budget Gap
3. Strategic Investments
4. Charting a Course Forward Oregon Tech

The Same Pressure at All Universities



**Oregon State
University**

Leadership » **Office of the Provost**

FY19 Budget Decision

To: OSU faculty and

From: Edward Feser
and
Mike Green, V

January 16, 2019

Dear OSU faculty and

You likely are aware
resident and non-resident
students applied and
regional and national

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 I
announced the coming
cuts on March 19

The University of Oregon is fac
next year despite recent tuition
Michael Schill last week — and i
be forced to raise tuition for in-



ALBANY
Democrat-Herald

News

Obituaries

Sports

E-edition

Buy & Sell

Tight budgets pinch OSU



UNIVERSITY OF
OREGON

The Register-Guard

UO Board of Trustees to consider in-st increase up to 11%

By Jordyn Brown The Register-Guard

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

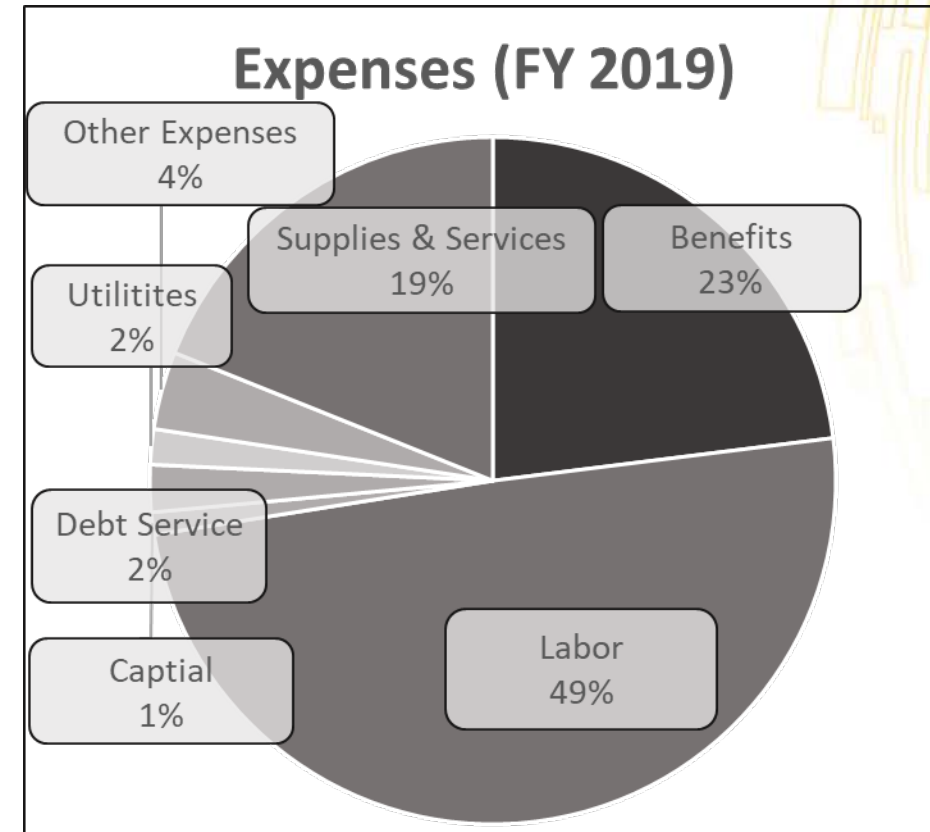
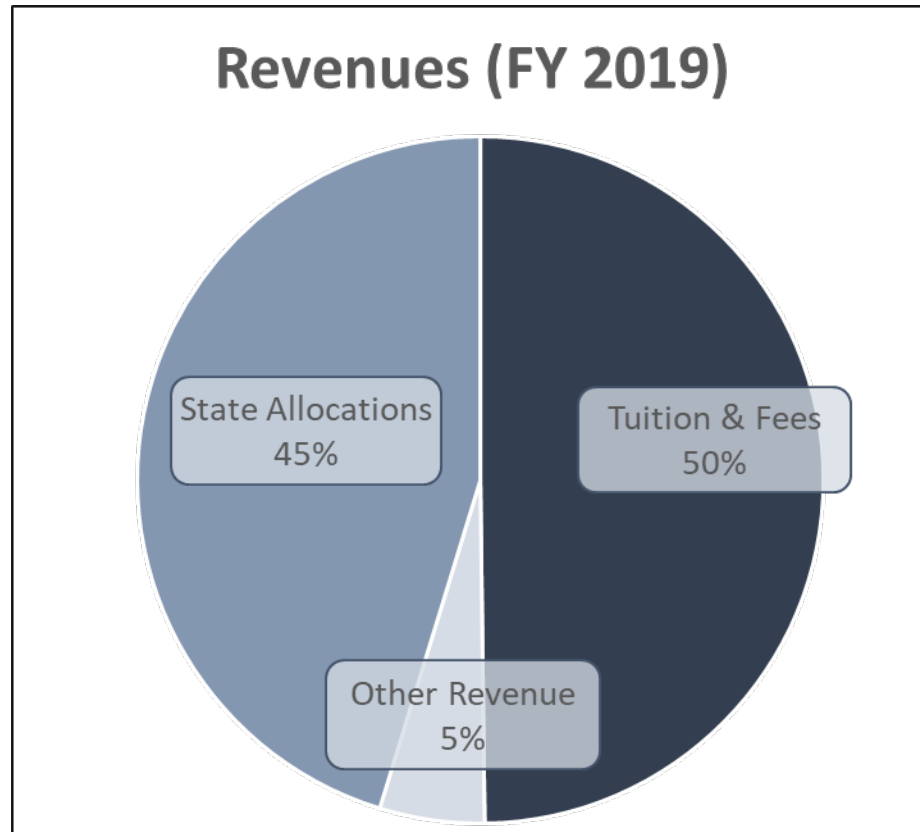


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Budget Drivers

Where Does the Money Go?



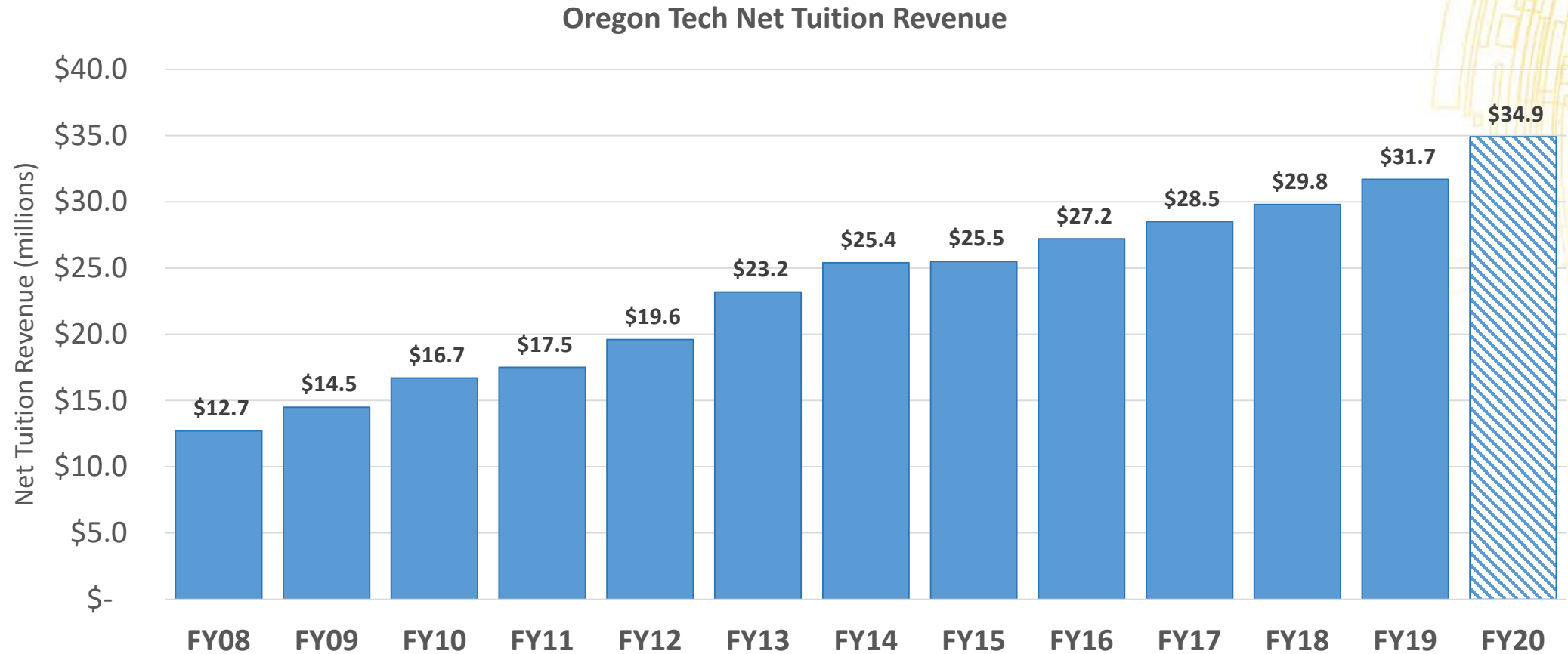
State of Oregon 2020-2021 Budget



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	+ \$40.5M	-\$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

Note: the projected budget gap is based on preliminary budget forecasts for FY2020, actual gaps were iteratively developed with budget owners.

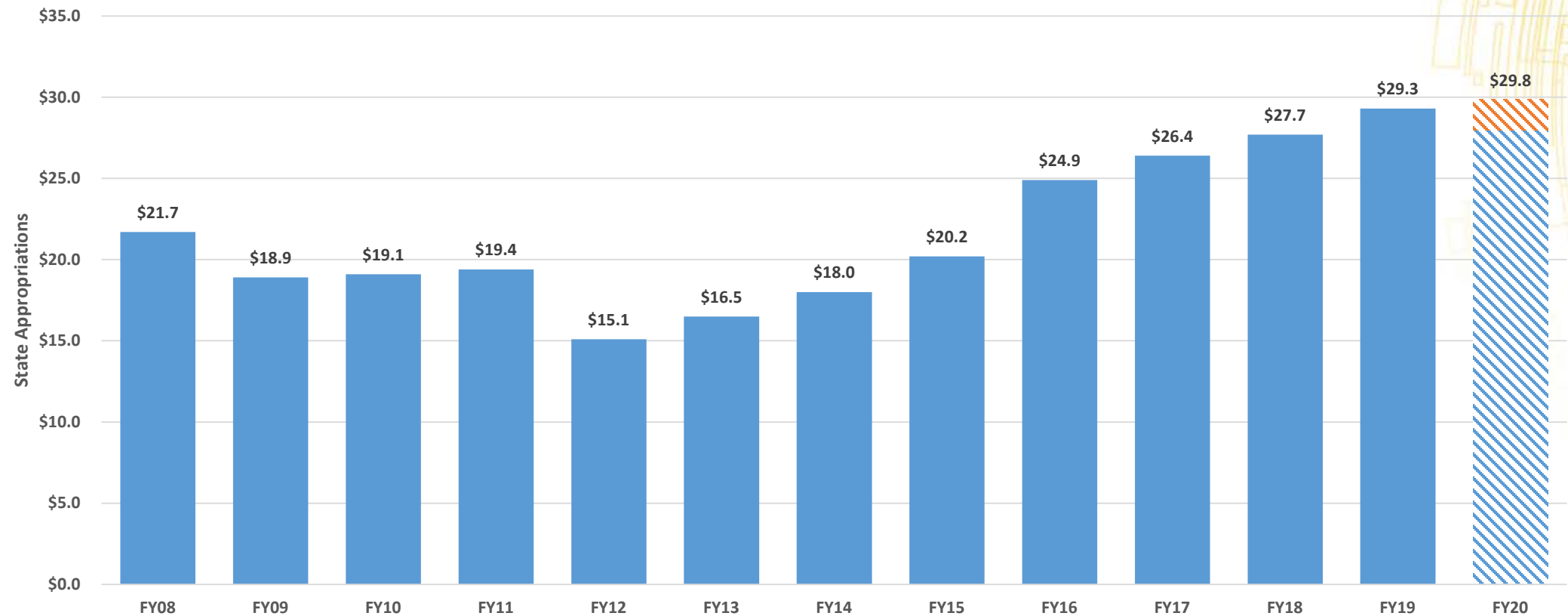
Oregon Tech Funding History: Tuition Revenue



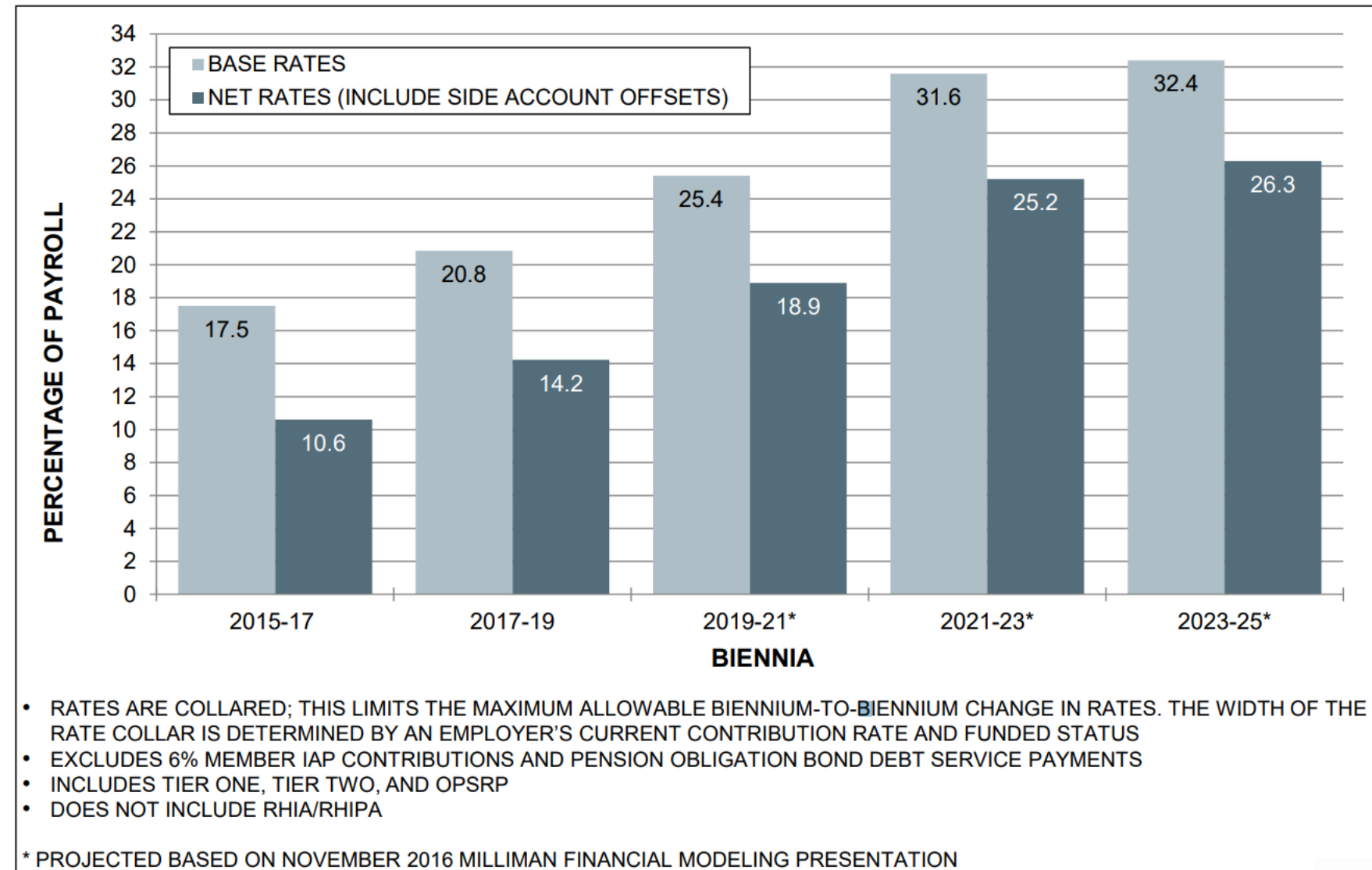
Oregon Tech Funding History: State Appropriations



Oregon Tech State Appropriations



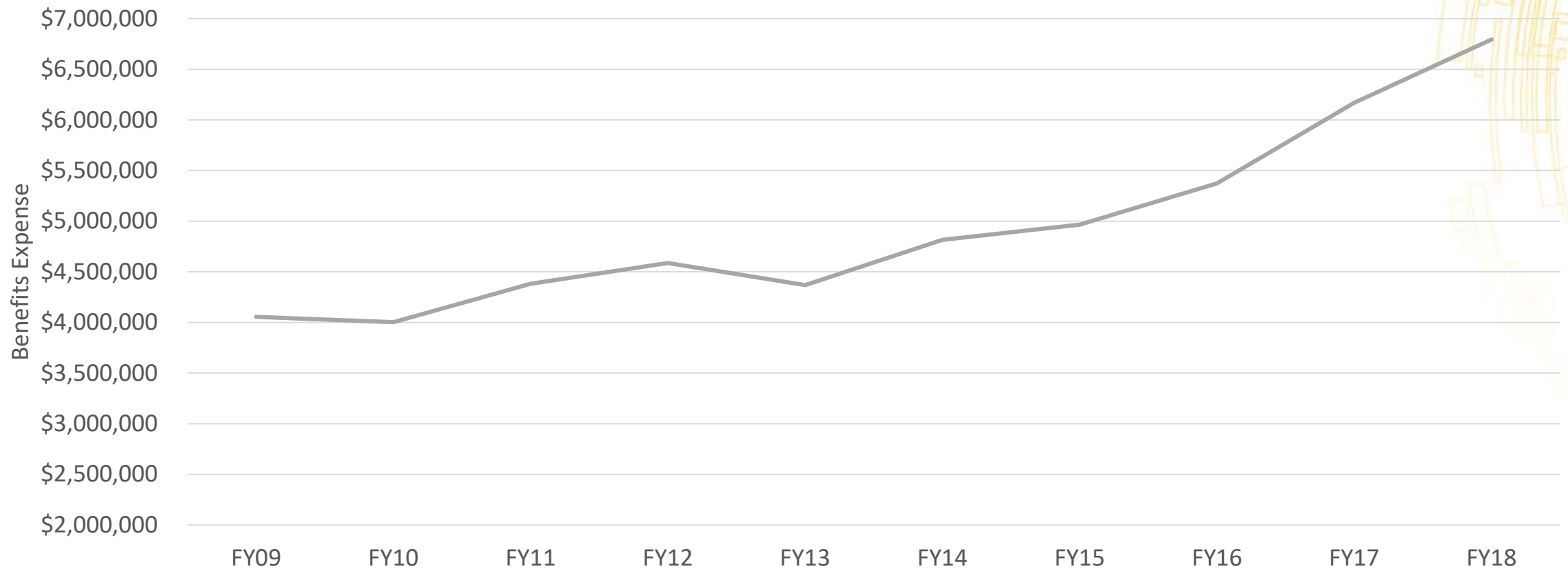
Benefits: Retirement Cost Increases



Benefits: Healthcare Cost Curve



Oregon Tech Healthcare Expenses



Budget Pressures



Revenues

- Enrollment: 1% growth, evenly distributed
- Tuition: 9% base tuition and 30% differential premium
- Fee Remissions: +\$566K (14% increase)
- State Funding: Co-Chair's Budget – PUSF + \$40.5M

Budget Pressures



Expenses

- PERS & PEBB: \$2.2M increase
- Salary: \$500K current year roll-up
- S&S: \$300K 2% inflationary
- FY19 Roll Up: \$1.5M
- Current Gap: \$2.2M



Closing the Budget Gap

Starting FY20 Budget at 0% Proposal



Total FT11 Expenditures	\$73,822,914
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Revenues

Tuition	\$39,369,386
Remissions	(\$4,500,000)
PUSF State Appropriations	\$27,769,133
ETSF	\$1,235,000
OREC	\$255,000
Sports Lottery	\$0
Other Revenues (Spec. Gen Fund)	\$2,890,521
Special Gen Fund Carryover	
Total Revenues	\$67,019,040

Net from Operations	(\$6,803,874)
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NOTE:

General Fund budget only

All budgets are DRAFT until approved by the Board of Trustees

Closing The Operating Gap



Projected FY20 Budget Gap: \$6.80M

Budget Adjustments

Div Reduction	(1.29 M\$)	2% Across the board reduction
Salary Savings	(2.00 M\$)	Salary Savings accrue to GF
Net reinvestment	+0.25M	Various contingencies
Position Reductions	(0.75 M\$)	Reductions in new/replacements
Special GF to prior FY exp.	(2.90 M\$)	Push Special GF back to 0% Increase
Total Budget Adjustments	(6.69 M\$)	

NOTE: All budgets are DRAFT until approved by the Board of Trustees

Recommended Operating Budget



FY20 General Fund Budget Request

Revenue	
State Funding	\$29,259,133
Tuition & Fees	\$39,369,386
Remissions	(\$4,500,000)
Other	<u>\$2,890,521</u>
Total All Revenues	\$67,019,040
Expenses	
Labor & OPE	\$53,431,121
Planned Salary Savings	(\$2,000,000)
Other Expenses	<u>\$15,699,920</u>
Total Expenses	\$67,131,041
Net Revenue/(Loss)	(\$112,001)

Investments	
Strategic Investments	\$1,731,873
Total Strategic Investments	\$1,731,873
Net of FY20 Budget	(\$1,843,874)

NOTE: All budgets are DRAFT until approved by the Board of Trustees



Strategic Investments

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

Proposed Strategic Initiatives



Fiscal Year 2019-2020 Strategic Investments		
Initiative	Investment Level	Board Objective
X-Ray Equipment Replacement - Year 1 of 5	\$ 570,000	(1) (3)
Launch Multicultural Center	\$ 85,000	(1) (2)
Military Outreach	\$ 145,000	(1) (2) (3)
DPT & Rural Health	\$ 400,000	(1) (3)
Website Redesign	\$ 150,000	(1)
Foundation Capacity - Prospect Research	\$ 50,000	(2)
Partnerships (SOHEC, LW-Tech, International)	\$ 100,000	(1)
Strategic Planning	\$ 75,000	(2) (4)
Campus beautification	\$ 65,000	(1)
Strategic Enrollment Management	\$ 85,000	(1)
Strategic Planning	\$ 6,783	N/A
Total Strategic Investments	\$ 1,731,873	

NOTE: All budgets are DRAFT until approved by the Board of Trustees

Recommended E&G Budget



FY20 General Fund Budget Request

Revenue

State Funding	\$29,259,133
Tuition & Fees	\$39,369,386
Remissions	(\$4,500,000)
Other	<u>\$2,890,521</u>

Total All Revenues	\$67,019,040
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Expenses

Labor & OPE	\$53,431,121
Planned Salary Savings	(\$2,000,000)
Other Expenses	<u>\$15,699,920</u>

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Investments

Strategic Investments	\$1,731,873
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Total Strategic Investments	\$1,731,873
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Net of FY20 Budget	(\$1,843,874)
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Charting a Course Forward Oregon Tech

Directions Forward



- Oregon Tech must focus on growing enrollment and containing cost increases
- VPs will be given their budgets, as recommended, for them to identify savings and efficiencies to hit the targets outlined and held responsible for hitting the targets
- The budget is built assuming 1% enrollment growth – which can only be achieved if we retain our current students into next year
- New campus process for reviewing all new and replacement positions at the Presidential level. Each request will require a clear demonstration of need and its alignment with university priorities.

Strategies for Oregon Tech



- Growth in employees – both administrative and faculty have far outpaced enrollment growth over the past decade. Focus on efficiency and aligning demand with supply is necessary.
- Investing in enrollment growth (new Freshmen and Transfer students) and sustaining strong retention through upper division.
- Managing student cohorts sizes in programs and planning courses over multiple years to increase predictability for students.
- Investing in initiatives with partner institutions to reduce administrative expenses and synergistic growth.



Discussion and Questions