

TUITION RECOMMENDATION COMMITTEE | 1.31.24



# University Budget Committee Meeting #2

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



# Questions from last week?

Remember Recommendation will be finalized at March 6<sup>th</sup> meeting!

# Presentation Outline



1. University Budget Types
2. FY24 Board Adopted Budget
3. FY24 Management Report Summary
4. Major Components of the FY24 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 2023-24 Board Adopted Budget

## FY 2023-24 General Fund Budget

	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%
Remissions	(5,346,310)	(5,805,377)	9%
New Targeted Remissions	(200,000)	-	-100%
Other Revenues (less special general funds)	994,813	1,275,771	28%
Special General Fund Revenues	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%
Administrative Salary Pool (effective January 2024)	103,948	114,343	10%
Faculty Salary Pool (effective January 2024)	279,981	273,337	-2%
Applied Computing and Rural Health Initiatives	5,000,000	-	-100%
<b>Total Budgeted Expenses</b>	<b>\$ 77,787,099</b>	<b>\$ 71,809,132</b>	<b>-8%</b>
<b>Strategic Investments</b>			
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 AIRE 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 Student Affairs 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>
<b>Net from Operations Before Other Resources (Uses)</b>	<b>\$ (9,500,000)</b>	<b>\$ (3,000,000)</b>	
<b>Other Resources (Uses)</b>			
Transfer In - Applied Computing and Rural Health Funds	\$ 5,000,000	\$ -	
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>	



# FY2023-24 December Management Report Summary



- FY 2023-24 budget used a flat enrollment assumption based on estimates from enrollment management, but enrollment is down 5.6% resulting in a tuition decrease of \$2M
- FY24 planning used the Governor's budget for state support, but final support came in \$2M higher, offsetting the tuition decrease
- Remissions are projected to be \$1.7M over budget which reduces revenue
- As of December, expenses were projected to be slightly over budget
- However, moving into January, it appears expense reductions will be necessary to achieve budget by yearend

	Adopted Budget	December Forecast	Variance
Revenue	\$70,024	\$70,146	\$122
Expenses	73,811	73,150	(660)
Use of Other Resources	(787)	66	853
<b>Projected Year End Net</b>	<b><u>(\$3,000)</u></b>	<b><u>(\$3,070)</u></b>	<b><u>(\$70)</u></b>

# Major Components of the E&G Budget



- **Revenue:**

- State Appropriations (48.5% of total revenue budget)  
Impacted by Student Success and Completion Model (SSCM) and state tax revenue
- Tuition, net of remissions (48.1% of total revenue budget)  
Impacted by Enrollment, Higher Education Coordinating Commission (HECC) Oversight
- Other (3.4% of total revenue budget)

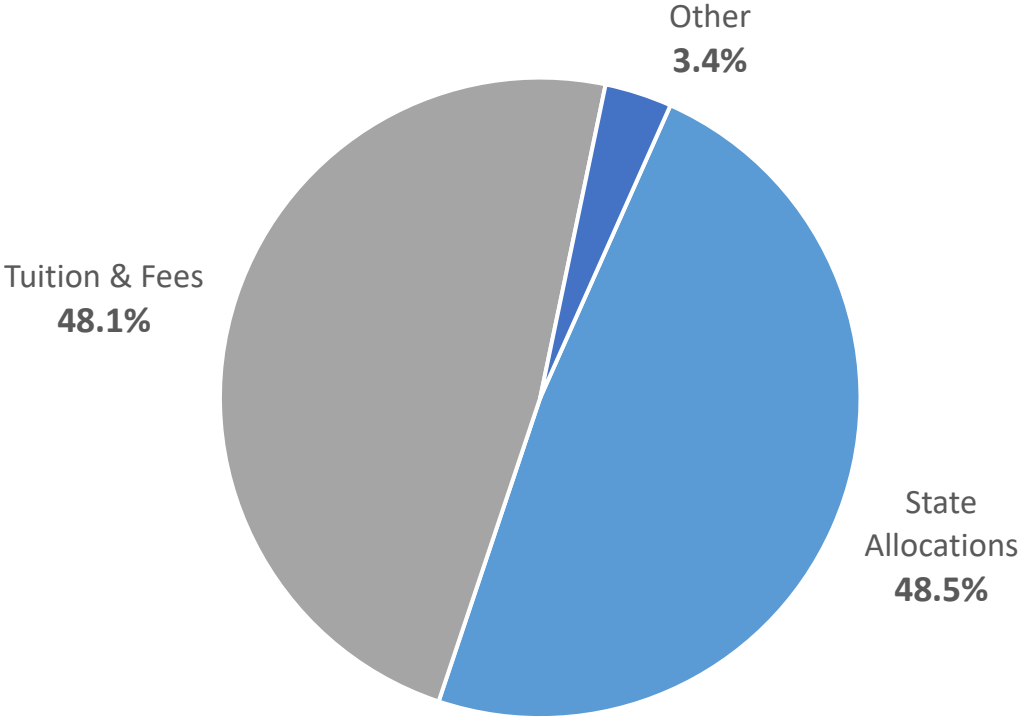
- **Expenses:**

- Staff and Faculty (47% of total expense budget)
- Other Payroll Expenses (27% of total expense budget)  
Retirement, Health, and miscellaneous federal/state taxes and benefits
- Services and Supplies  
Debt service, utilities, office supplies, etc. (22% of total expense budget)
- Transfers Out (2% of total expense budget)
- Other (2% of total expense budget)  
Student pay, capital expenditures

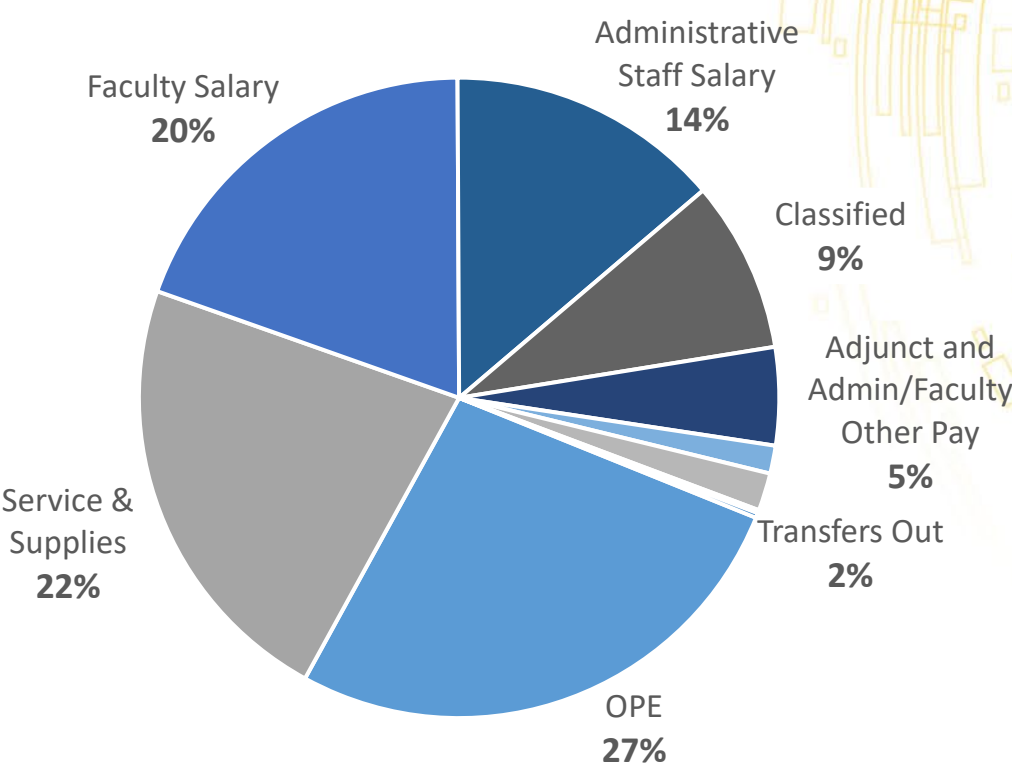
# Major Components of FY2023-24 E&G Budget



E&G Budgeted Revenues



E&G Budgeted Expenses



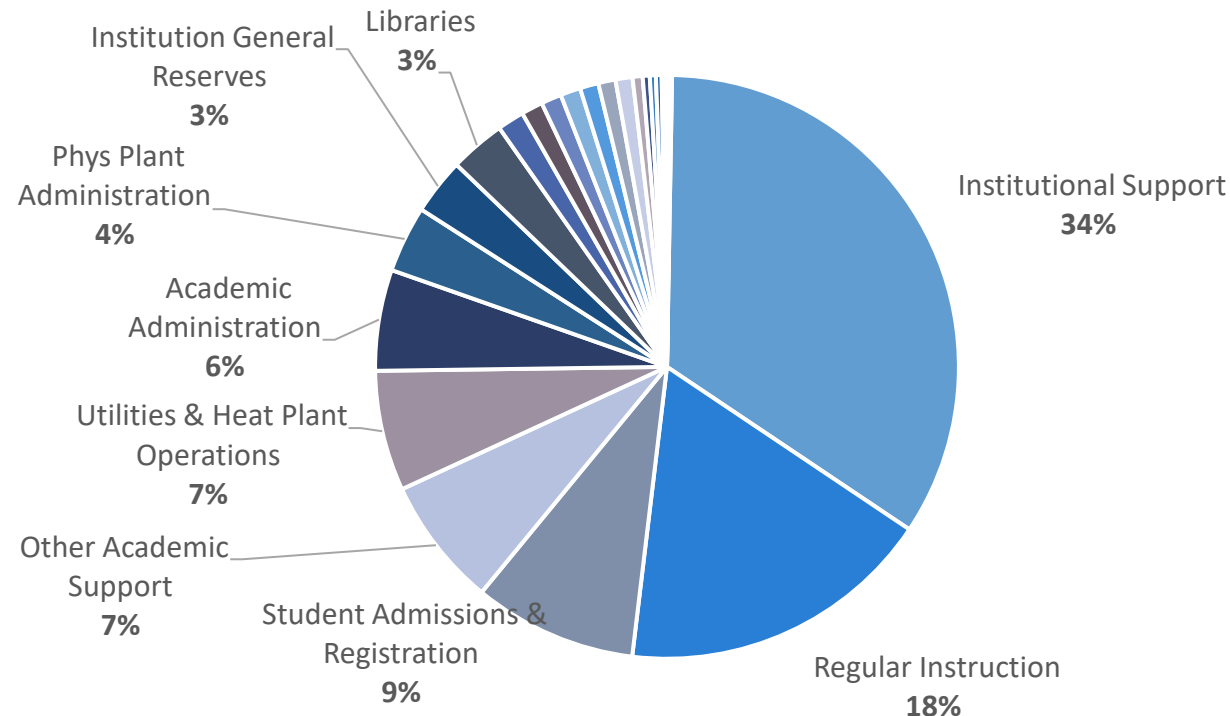


# Major Components of the E&G Budget – Supplies and Services by Program Code



- |  |  |   |
|--|--|---|
| <ol style="list-style-type: none"> <li>1. Institutional Support (34%)</li> <li>2. Regular Instruction (18%)</li> <li>3. Student Admissions &amp; Registration (9%)</li> <li>4. Utilities &amp; Heat Plant Operations (7%)</li> <li>5. Other Academic Support (7%)</li> </ol> |  | <ol style="list-style-type: none"> <li>1. Information Technology Services (52%)</li> <li>2. Risk Management Insurance (15%)</li> <li>3. University Shared Services Enterprise Contracts (9%)</li> </ol> |
|--|--|---|

FY24 Supplies and Services Budget by Program Code



# Public University Support Fund

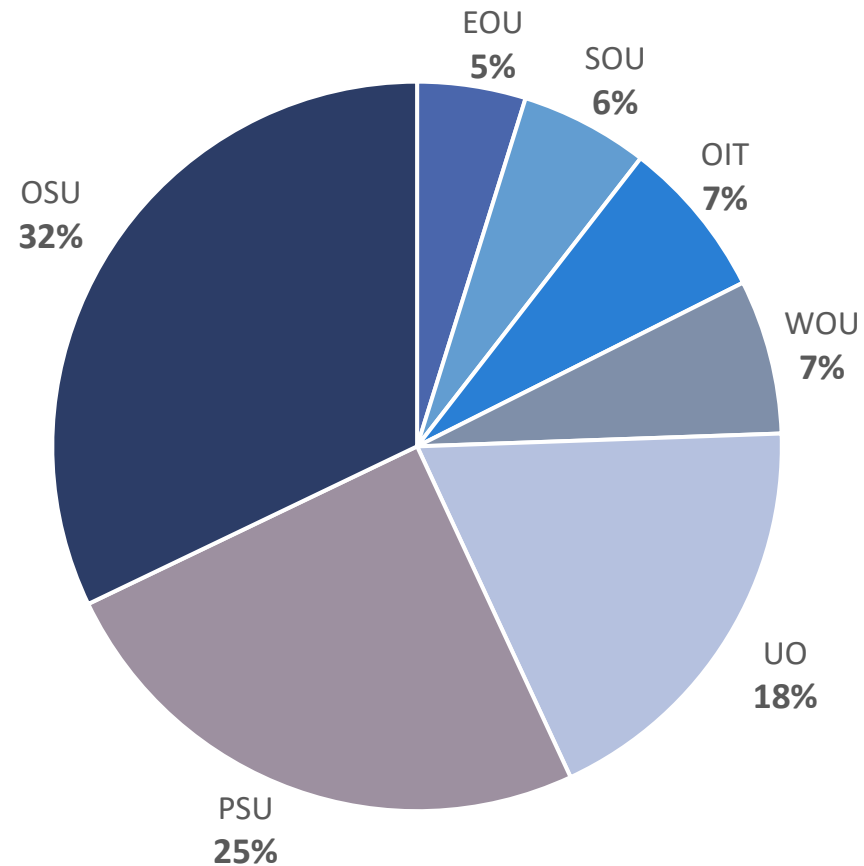


- The Oregon State Legislature funds the Public University Support Fund (PUSF) which is split between all seven public universities in Oregon.
- The PUSF is distributed through a funding formula called the Student Success and Completion Model (SSCM). The funding model has three categories:
  - Mission 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.

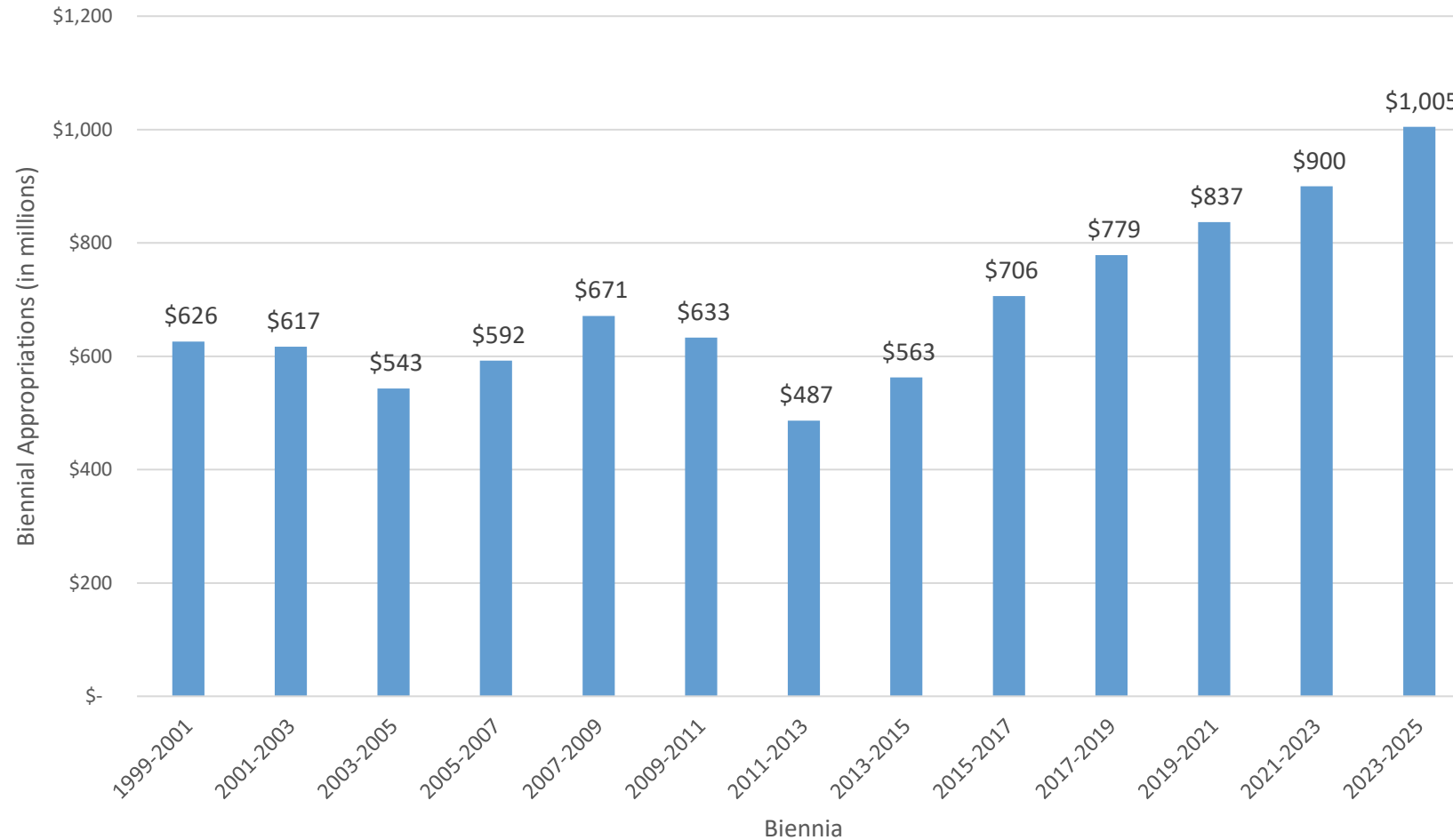
# Public University Support Fund FY24 Distribution



FY24 Distribution of PUSF Funding



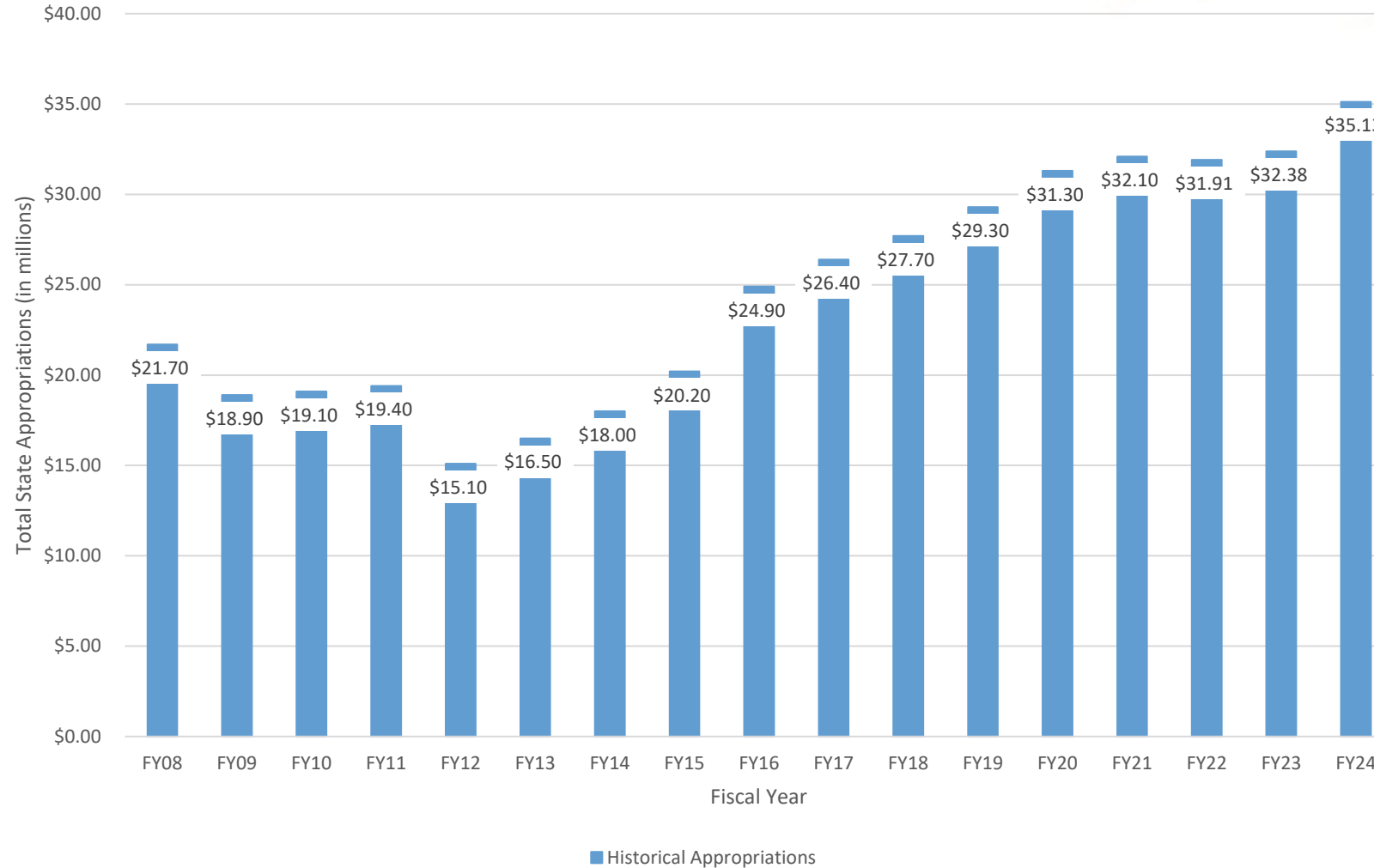
# Total Historical State Appropriations to Public Universities





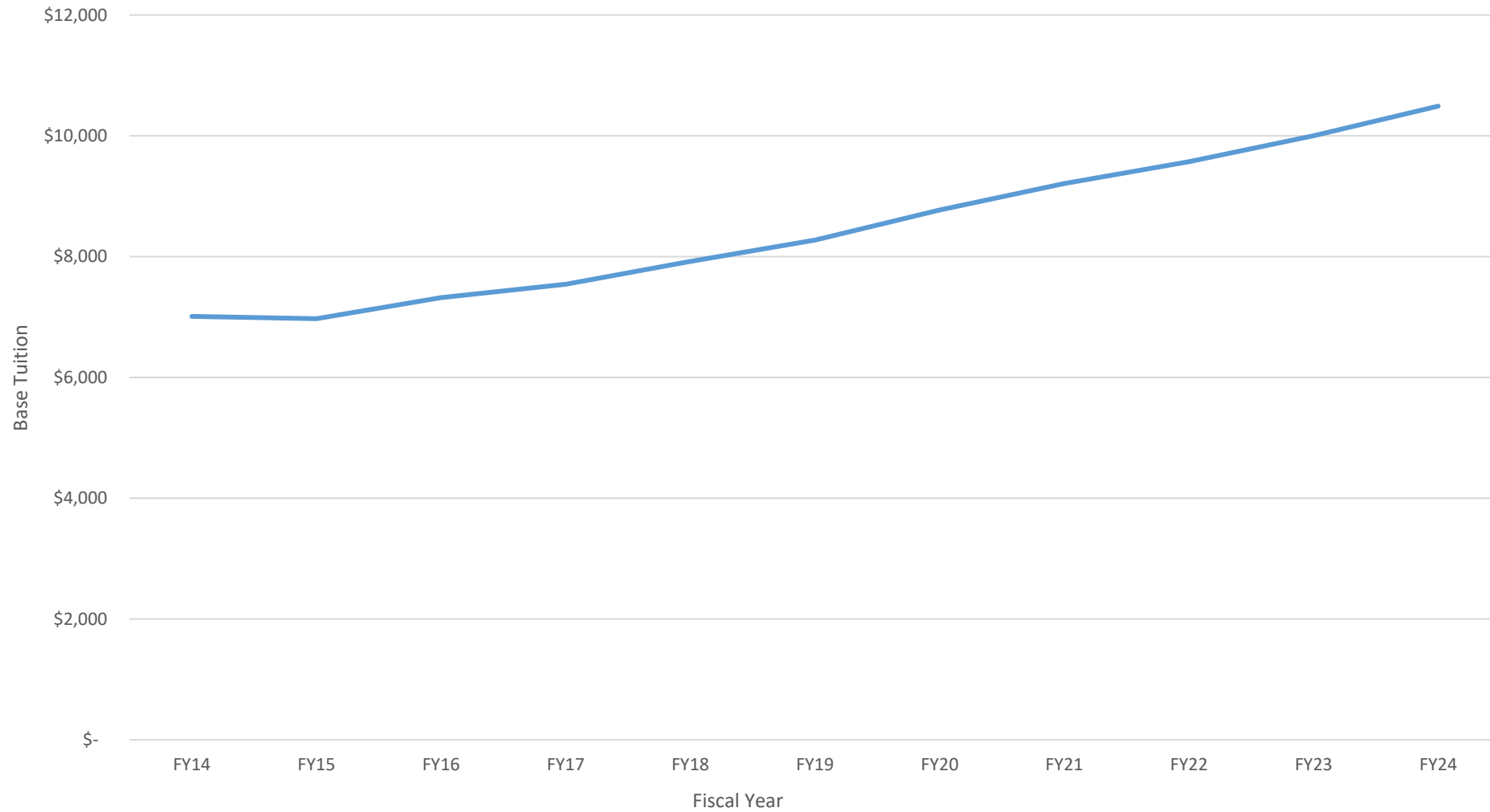


## Total Oregon Tech State Appropriations (in millions)



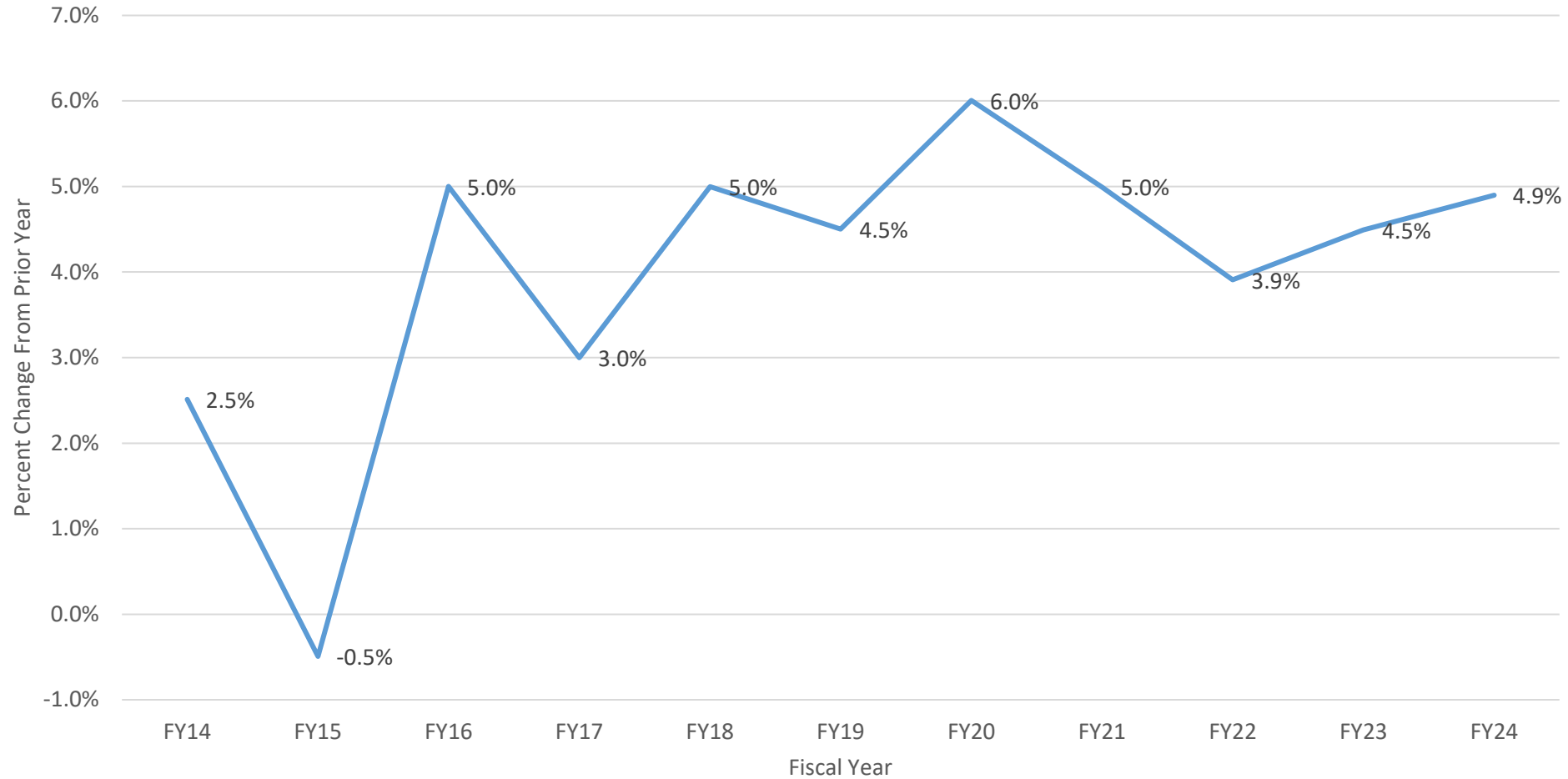
Note: FY2022-23 \$5.5M Appropriation for Applied Computing and Rural Health Initiatives is excluded for year-over-year comparability.

# Oregon Tech Undergraduate Tuition History for 15 SCH



# Oregon Tech 11 Year Tuition History

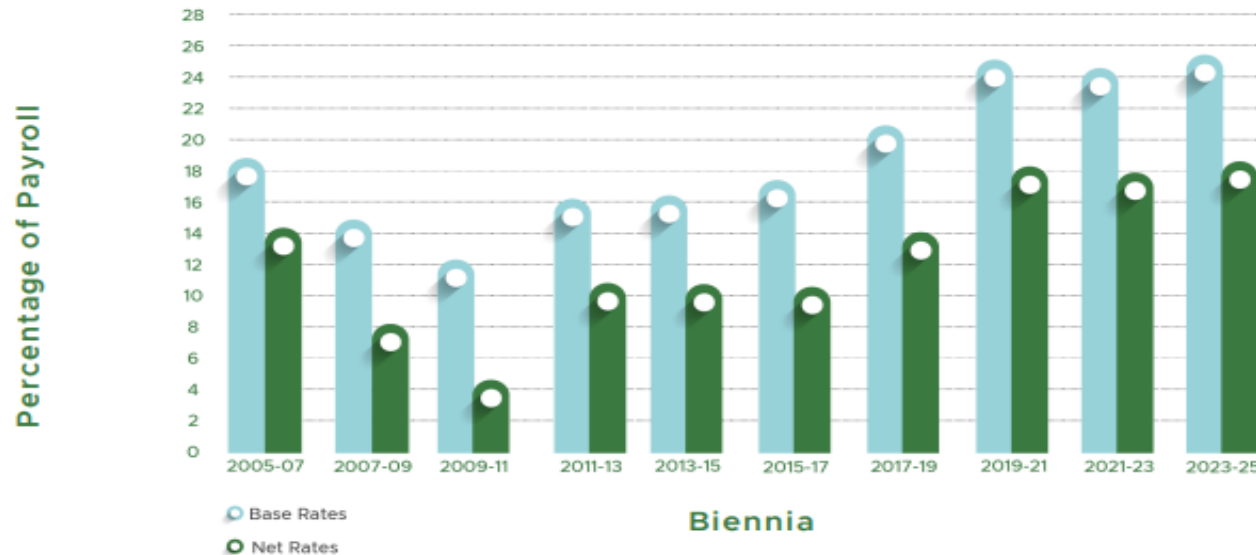
## % Change Year over Year



# OPE: PERS Rate Expansion



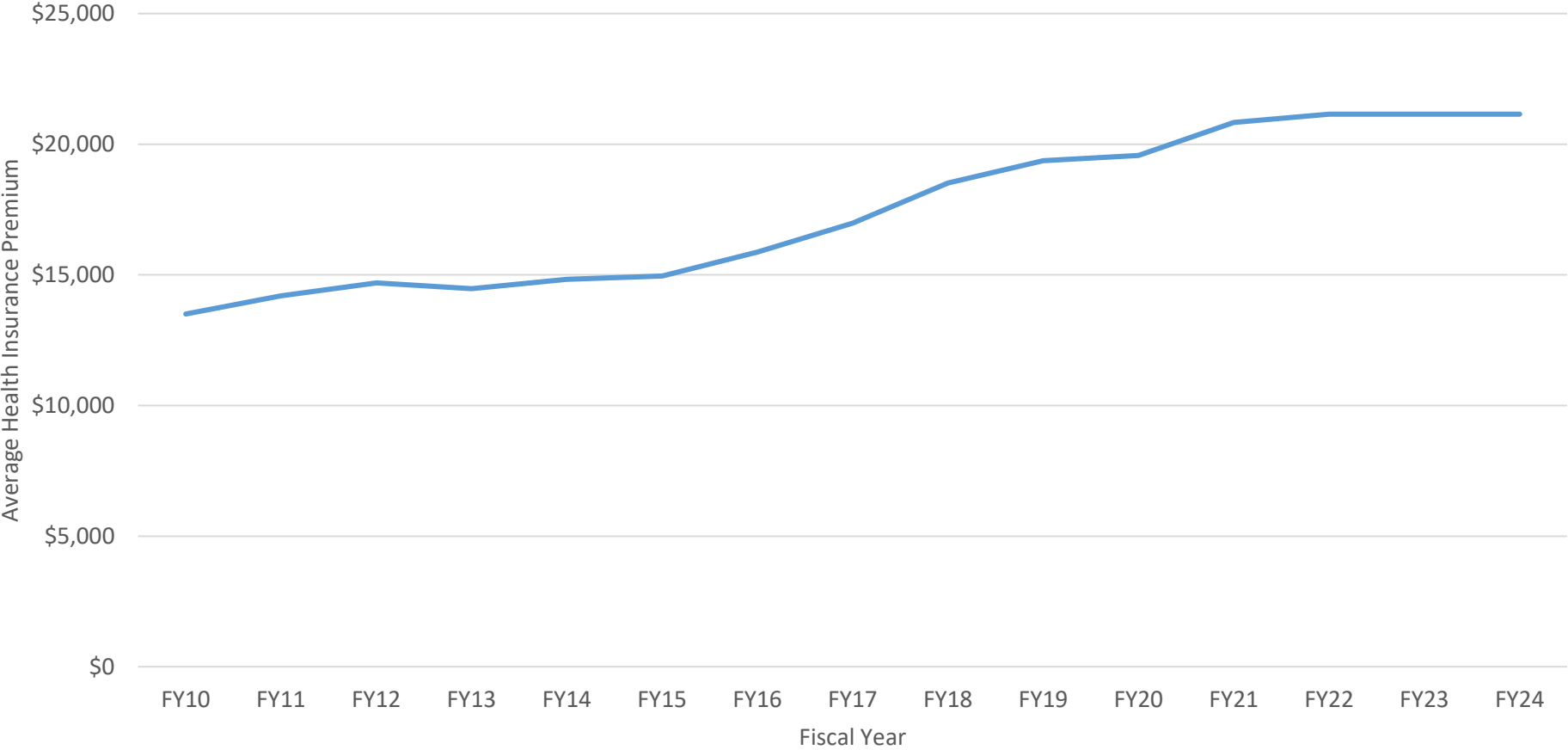
## SYSTEM-WIDE AVERAGE EMPLOYER CONTRIBUTION RATES AS A PERCENT OF COVERED SALARY (NET RATES INCLUDE SIDE ACCOUNT OFFSETS)



- 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.
- Rates for 2023-25 reflect actuarial assumptions adopted by the PERS Board in 2020 and investment returns for 2020 and 2021. The rates also include the effects of the member redirect offset from Senate Bill 1049 (2019).

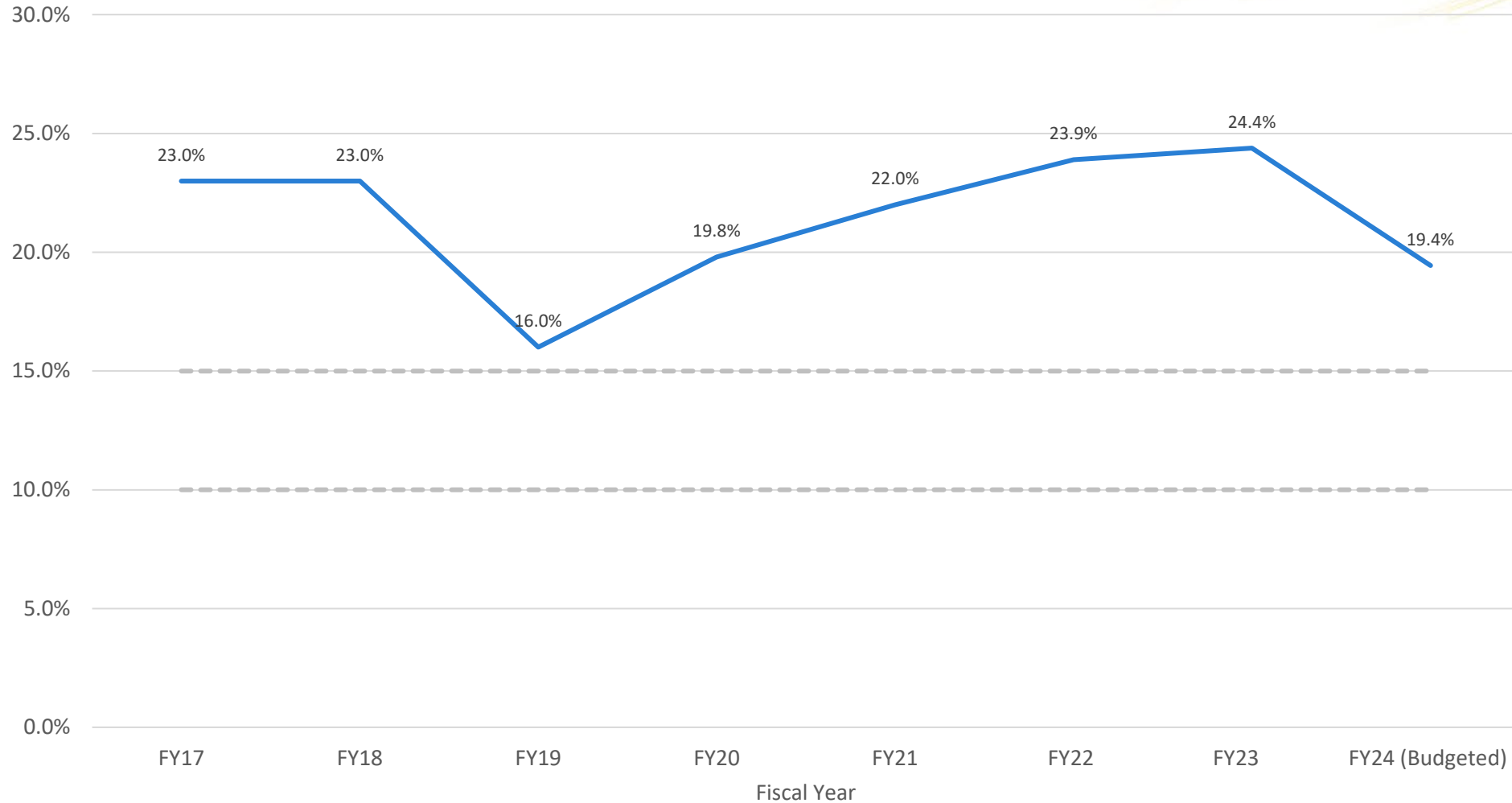


# Oregon Tech Annual Employee Health Insurance





## Fund Balance as a Percent of Operating Revenue



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

## Reminder - Final Deliverable:



By the final meeting on March 6, 2024, this committee **must provide a recommendation for the tuition and mandatory fee rates** to the President.



Questions?





# Link to Full FY2023-24 December Management Report

Double Click Image

General Fund Monthly Report  
FY 2023-24 December (in thousands)

	FY 2022-23		FY 2023-24		FY 2023-24 Budget & Forecast		Revenue	Revenue
	December Actual	December Actual	Year Total Actual	Year Total Budget	FY 2023-24 Budget	FY 2023-24 Forecast		
<b>Revenue</b>								
State Appropriations	134,213	132,448	135,764	133,943	134,904	134,899	\$1,064	0.0
Tuition & Fees	28,263	28,267	87,487	87,814	88,114	87,883	(\$231)	0.0
Revenues	15,775	15,812	49,693	50,000	50,000	50,000	0	0.0
Other	1,500	1,500	4,500	4,500	4,500	4,500	0	0.0
<b>Total Revenue</b>	<b>180,251</b>	<b>188,027</b>	<b>277,444</b>	<b>276,257</b>	<b>278,018</b>	<b>277,282</b>	<b>736</b>	<b>0.0</b>
<b>Expenses</b>								
Administrative Cost Allow.	44,208	44,213	132,648	132,176	132,111	132,000	(\$111)	0.0
Faculty Salary	5,093	5,208	15,288	14,855	14,854	14,811	(\$43)	0.0
Adjunct and Academic Support Other Fee	1,001	1,001	3,001	3,000	3,000	3,000	0	0.0
Classified	1,011	1,017	3,031	2,998	2,998	2,998	0	0.0
Student	79.2	88	261	261	261	261	0	0.0
OTA	0	0	0	0	0	0	0	0.0
OTF	0	0	0	0	0	0	0	0.0
<b>Total Labor Expense</b>	<b>51,193</b>	<b>53,519</b>	<b>154,229</b>	<b>153,327</b>	<b>153,214</b>	<b>153,060</b>	<b>(\$154)</b>	<b>0.0</b>
Materials & Supplies	13,248	13,248	39,744	39,744	39,744	39,744	0	0.0
Travel	800	800	2,400	2,400	2,400	2,400	0	0.0
Depreciation	993	1,000	2,979	2,979	2,979	2,979	0	0.0
Capital	262.2	464	1,387	1,387	1,387	1,387	0	0.0
Utilities	401	394	1,185	1,185	1,185	1,185	0	0.0
Transfer In	0	0	0	0	0	0	0	0.0
Transfer Out	0	0	0	0	0	0	0	0.0
<b>Total Other Expense</b>	<b>16,814</b>	<b>16,814</b>	<b>48,695</b>	<b>48,695</b>	<b>48,695</b>	<b>48,695</b>	<b>0</b>	<b>0.0</b>
<b>Total All Expense</b>	<b>168,007</b>	<b>170,137</b>	<b>500,168</b>	<b>498,311</b>	<b>498,311</b>	<b>498,311</b>	<b>0</b>	<b>0.0</b>
<b>Net from Operations Before</b>	<b>112,244</b>	<b>117,890</b>	<b>277,276</b>	<b>277,946</b>	<b>279,104</b>	<b>278,000</b>	<b>1,000</b>	<b>0.0</b>
<b>Other Revenues (Expenses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Other Revenues (Expenses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Transfers In	0	0	0	0	0	0	0	0.0
Transfers Out	0	0	0	0	0	0	0	0.0
Use of Reserves	0	0	0	0	0	0	0	0.0
<b>Total Other Revenues (Expenses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Net from Operations and</b>	<b>112,244</b>	<b>117,890</b>	<b>277,276</b>	<b>277,946</b>	<b>279,104</b>	<b>278,000</b>	<b>1,000</b>	<b>0.0</b>
<b>Other Revenues (Expenses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Supplies and Materials	137,248	137,248	397,248	397,248	397,248	397,248	0	0.0
Fund Balance Adjustment	15	15	45	45	45	45	0	0.0
Ending Fund Balance	180,251	188,027	277,444	276,257	278,018	277,282	736	0.0
Fund Balance as % Operating Revenues	47.4%	49.1%	44.9%	44.9%	44.9%	44.9%	0.0%	0.0%
Ending Cash Balance	180,251	188,027	277,444	276,257	278,018	277,282	736	0.0

Notes:

- FY 2023-24 State Appropriation Forecast: State appropriations increased from the Governor's budgeted four percent FY23 increase to the legislatively approved 1.7%.
- FY 2023-24 State & Fee Revenue: Reflects transfer of compensation for employees within the Institute (OTF). The expenditure was budgeted in FY 2023-24.
- FY 2023-24 Revenues Forecast: Reflects transfer of increased President's Award amounts.
- FY 2023-24 Other Revenues Forecast: Reflects budgeted increase in FY23 fund transfer and other fund revenue.
- FY 2023-24 Total Labor Expense Forecast: Reflects budgeted increase in total labor expense for part of the year due to administrative staff increases, and associated increases in other labor expense.
- FY 2023-24 Materials & Supplies Forecast: Increase in spending of budgeted FY 23 forecast for materials and supplies due to increased use of materials.
- FY 2023-24 Capital Expense: Increased capital spending resulting from FY23 equipment transfers to FY24 and prior year spend of FY24 Academic Affairs equipment funds to capital under the FY2023-24 budget.
- FY 2023-24 Depreciation Forecast: Increased depreciation expense resulting from higher depreciation expense under the FY23 budget.
- FY 2023-24 Transfer Out FY24 Actuals: Transfers out are negative, budgeted support of Athletics and the New Library.
- FY 2023-24 Transfer Out FY24 Budget: Transfers out are negative, budgeted support of Athletics and the New Library.
- FY 2023-24 Transfer Out FY24 Forecast: Forecast of reduced spending, by fund and year-end, from the budgeted forecast. That reduction is reflected by reduced transfers.
- FY 2023-24 Transfer In Other Revenues (Expenses) FY24 Actuals, Budget & Forecast: Budgeted transfers include use of prior year Applied Computing and Rural Health Initiatives funding.
- FY 2023-24 Transfer In Other Revenues (Expenses) FY24 Actuals, Budget & Forecast: Budgeted transfers include use of prior year Applied Computing and Rural Health Initiatives funding.
- FY 2023-24 Transfer Out (Other Revenues (Expenses) FY24 Actuals, Budget & Forecast: Transfers out include budgeted institutional support for the RRF grant, and institutional support.
- FY 2023-24 Total Other Revenues (Expenses) Forecast: Total Other Revenues (Expenses) is shown budgeted because of reduced transfers in of prior year Applied Computing and Rural Health Initiatives, and as an increase in budgeted institutional support programs.