



UNIVERSITY OF OREGON

# University of Oregon Financial Briefing

May 4<sup>th</sup>, 2016

# Agenda

- Background Budget Information
- FY15, FY16 and FY17 Budget Issues
- AAU Comparative Data

# UO Budget Structure

## E&G Funds

- *Tuition revenue*
- *State Appropriation*
- *F&A Return*
- *Overhead revenue*
- *Fee revenue, interest earnings*

School & College  
Budgets

Central Admin  
Budgets

Institutional Expenses  
(Debt, assessments,  
utilities, leases)

## Other Funds

- *Grants and Contracts revenue*
- *Auxiliary Revenue*
- *Service Center Revenue*
- *Designated Operations Revenue*
- *Restricted gifts*

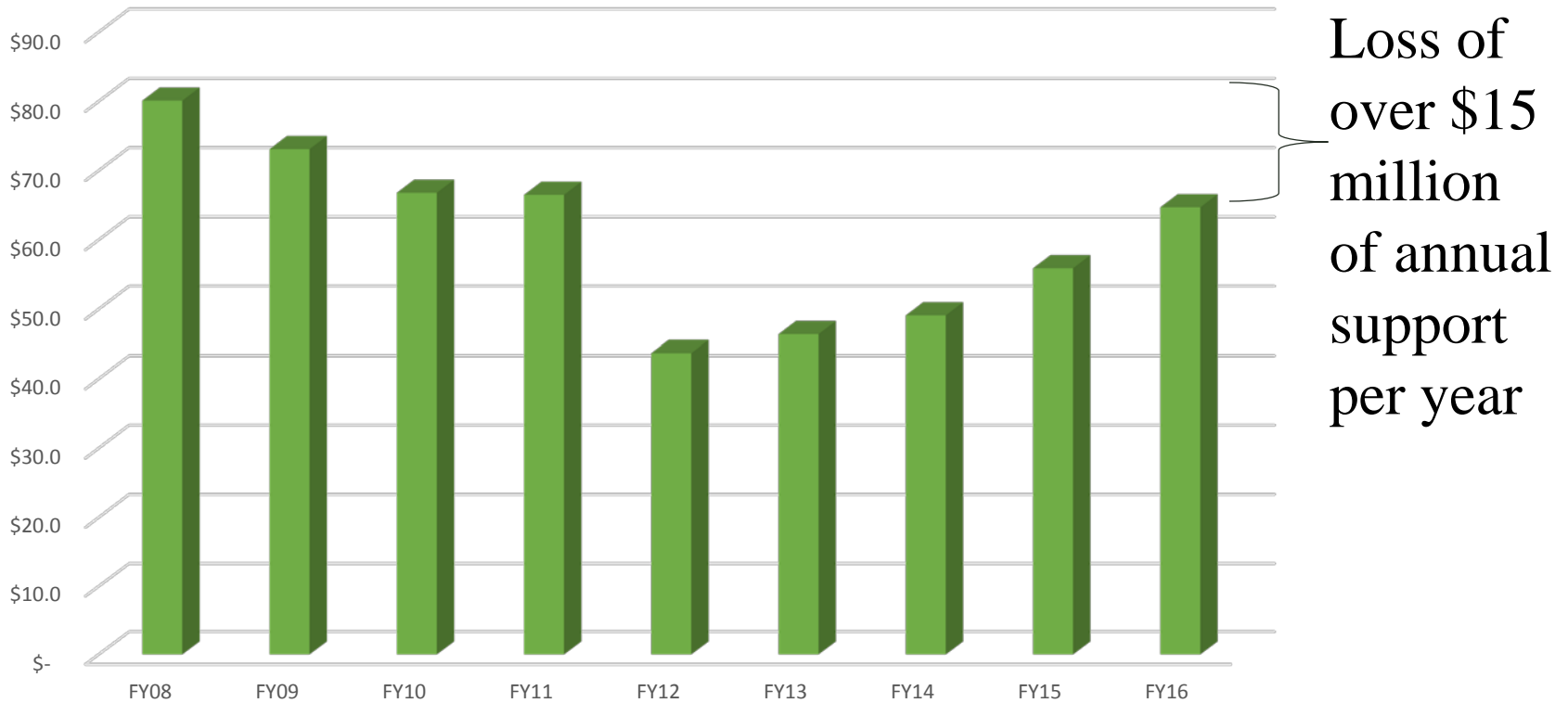
Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
and Designated Ops  
Funds

Restricted Gifts

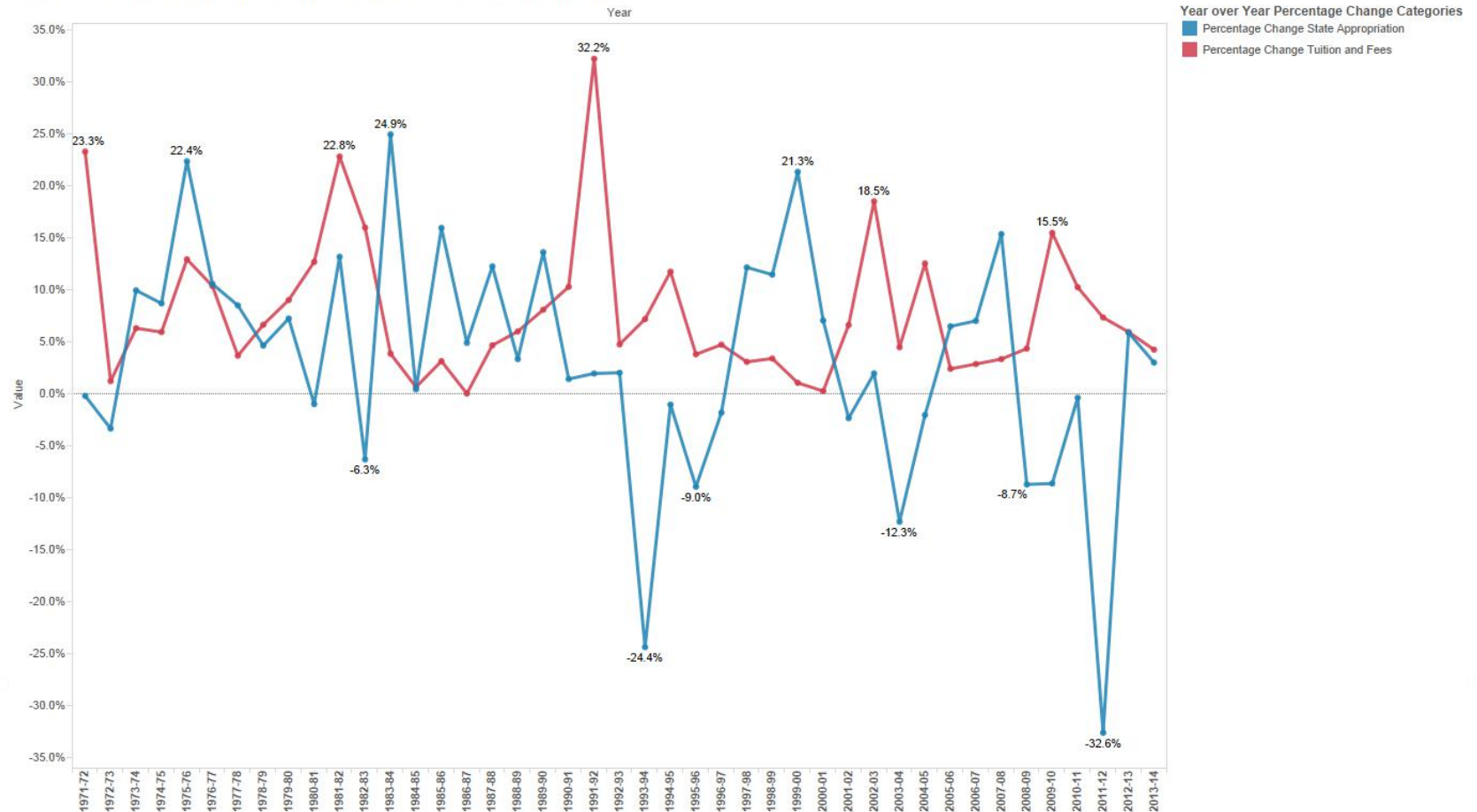
# Decreased levels of State Appropriation



# State Appropriation and Tuition

## UNIVERSITY OF OREGON

### Year over Year Percentage Changes in State Appropriation and Tuition and Fees



Source: UO Office of Institutional Research.

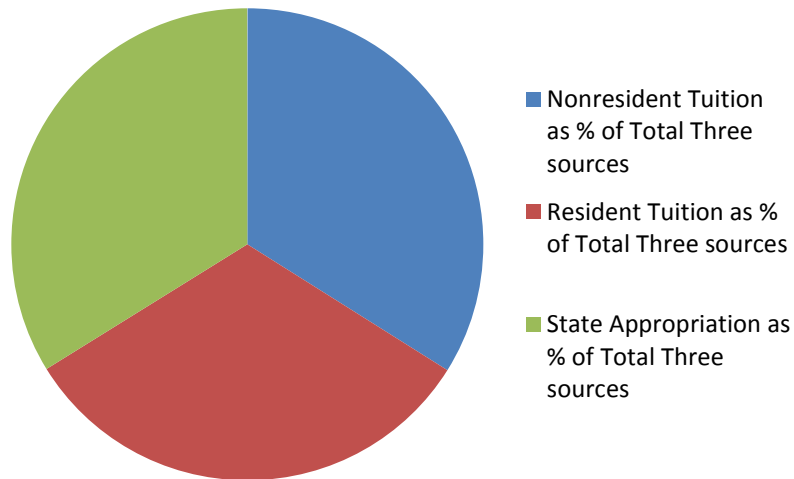
# University Resources

## FY2015 Major Revenue Streams (E&G Fund)

<i>State Appropriation</i>	\$55.9 million
<i>Resident Tuition</i>	\$114.5 million
<i>Non-resident Tuition</i>	\$261.8 million

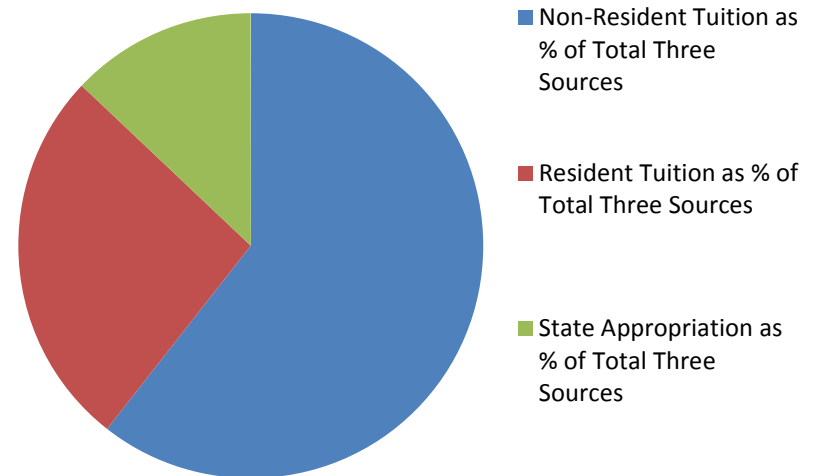
# Increasing Dependence Upon Non-Resident Tuition

**FY2004 - Revenue Breakdown**

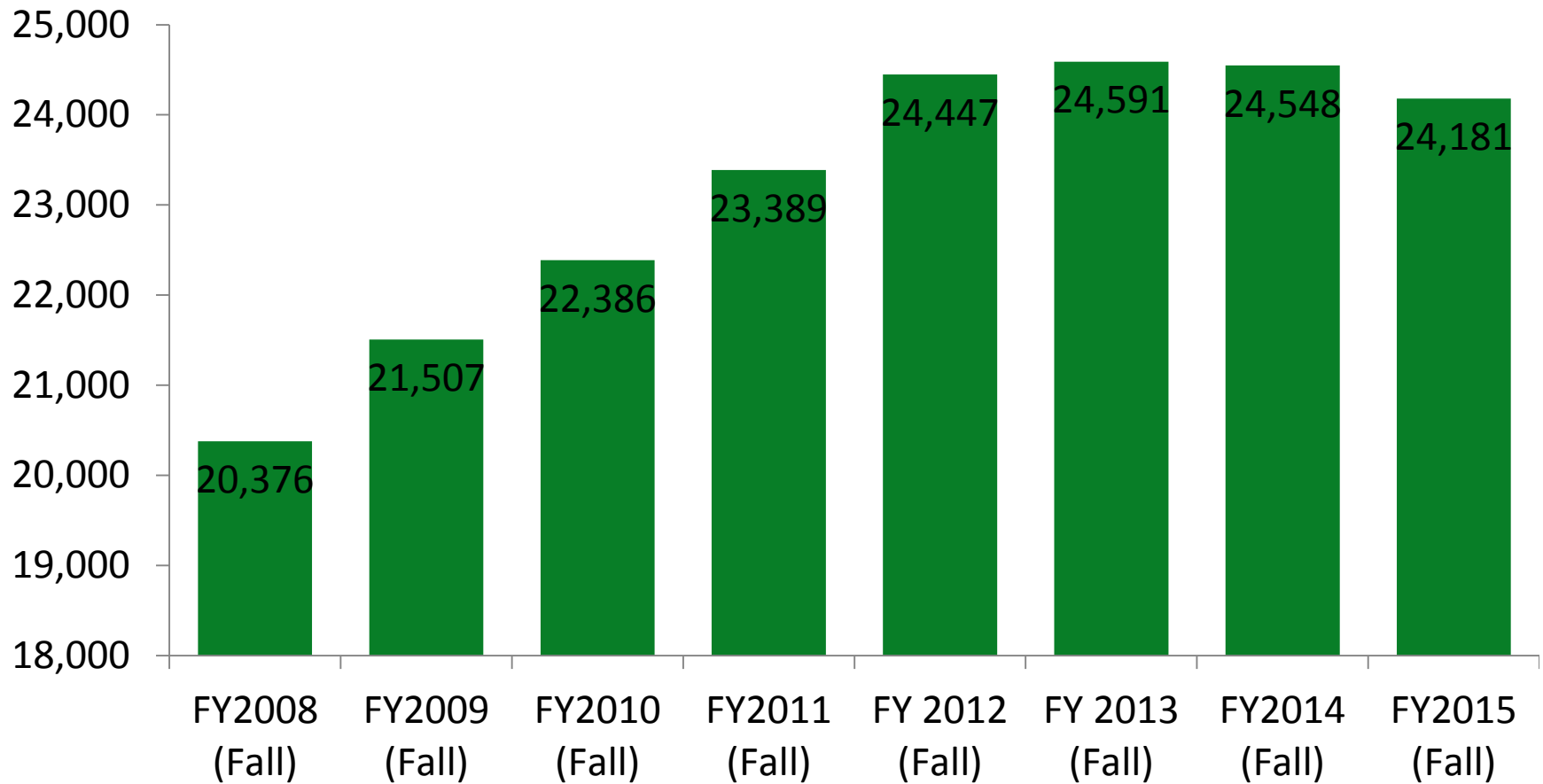


**FY2015 – Revenue Breakdown**

FY2015 – Revenue Breakdown



# Student Enrollment





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Grants & Contracts

Plant Funds

Auxiliary, Service Centers,  
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Funds

Restricted Gifts

## Context – E&G Fund

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- E&G Fund - Characteristics
  - 80% funded with tuition revenue
  - Funds majority of activity in schools and colleges and administrative units
  - Over 80% invested in people
- E&G Fund – Recent History
  - FY15: \$10 million deficit (\$6.5 million related to recurring issues)
  - FY16: Projections balanced due to state investment and tuition increase
  - FY17: any increased costs must be covered by increased revenue or other decreased costs

## Summary – Major FY17 E&G Fund Cost Drivers

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Cost Driver	Projected Cost
Faculty and Staff Salary and Wages	\$7.6 million
GTF Salary and Wages	TBD
Medical Costs	\$2.2 million
Retirement Costs	n/a
Institutional Expenses	\$1.5 million
Strategic Investments (includes \$1 million for new faculty)	\$2.0 million
IT Infrastructure Investments	\$2.75 million
Increase to Minimum Wage	TBD
Investments in Tenure Track Faculty	\$1.5 million
<b>Total Project Cost Increases*</b>	<b>\$17.5 million*</b>

***\* Does not include negotiated GTF contract increases, increases to minimum wage, additional investments needs in IT, costs related to federal FLSA regulations changes regarding eligibility for overtime pay; further investments in diversity initiatives, or individual school/college/department investments.***

## FY17 E&G Fund Major Cost Drivers

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Factor	Projected Cost Increase	Notes
Faculty and Staff Salary and Wages	\$7.6 million	Per collective bargaining agreements. Officers of Administration salary package assumed to be similar to faculty salary package. Does not include GTF salary increases
GTF Salary and Wages	TBD	Negotiations for new contract currently underway
Medical Cost (PEBB)	\$2.2 million	Includes 3.3% PEBB increase as of Dec 2015 and estimated 5.0% increase as of Dec 2016. Average annual increase over last 14 years has been 5.7%.

## FY17 E&G Fund Major Cost Drivers (continued)

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Factor	Projected Cost Increase	Notes
Retirement Costs (PERS)	n/a	No increase in FY17. \$6 million to \$8 million increase projected for FY18. PERS Board projecting additional significant increases to occur in FY20 and FY22.
Institutional Expenses	\$1.5 million	Debt, rent, utilities, insurance and assessments.
Strategic Investment Fund	\$2.0 million	\$1 million pre-committed to tenure track faculty hires as part of cluster hires. \$400K pre-committed to Graduate Student Fellowships.

## FY17 E&G Fund Major Cost Drivers (continued)

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Factor	Projected Cost Increase	Notes
IT Infrastructure Investments	\$2.75 million	Necessary Phase One investments. Additional significant investments likely needed in FY2018.
Increase to Minimum Wage	TBD	Oregon current minimum wage is \$9.25 per hour. The impact to E&G fund of \$13.50 minimum wage would be approximately \$2.0 million per year; \$15 minimum wage impact would be \$3.4 million per year.
Investments in New Tenure Track Faculty	\$1.5 million	

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## Summary – Major E&G Fund Cost Drivers

Cost Driver	FY17 Projected Cost Increase	FY18 Projected Cost Increase
Faculty and Staff Salary and Wages	\$7.6 million	<b>\$10.6 million</b>
GTF Salary and Wages	TBD	TBD
Medical Costs	\$2.2 million	\$2.2 million
Retirement Costs	n/a	<b>\$6 million</b>
Institutional Expenses	\$1.5 million	\$1.5 million
Strategic Investments (includes \$1 million for new faculty)	\$2.0 million	\$2.0 million
IT Infrastructure Investments	\$2.75 million	\$2.75 million?
Increase to Minimum Wage	TBD	TBD
Investments in Tenure Track Faculty	\$1.5 million	\$1.5 million
<b>Total Project Cost Increases*</b>	<b>\$17.5 million*</b>	<b>\$26.5 million*</b>

***\* Does not include negotiated GTF contract increases, increases to minimum wage, additional investments needs in IT, costs related to federal FLSA regulations changes regarding eligibility for overtime pay; further investments in diversity initiatives, or individual school/college/department investments.***

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