

Finance & Administration Committee (FAC), November 4, 2021, FY22 Proposed Budget

Education & General Fund Component:

Education & General Fund has a net budget deficit of \$2.241M. When added to the Beginning Fund Balance of \$10.870M, this results in a projected ending FY22 Fund Balance of \$8.630M, 12.98% of revenues. The FY22 Preliminary Budget had a net budget deficit of \$2.958M and resulted in a projected ending fund balance of \$7.504M, or 11.36% of revenues for FY22. The budget does not incorporate any compensation adjustments for FY22 with exception of regular step increases for staff and promotional step increases for faculty.

Revenue Assumptions:

Total Revenues (net of remissions) for the FY22 Budget are \$66.478M, which is \$400K more than the FY22 Preliminary Budget and \$4.876M less than FY21 Actuals.

- Although actual enrollment came in at a decline of ~12% from last year as of the second week of the term (Fall 2020 to Fall 2021, -12.8% UG FTE, -7.1% GR FTE), and the budget was based on a 10% decline, given the mix of enrolled students in the varying tuition rates (higher proportion of graduate students than initially budgeted), the tuition budget still appears on pace to be met.
- Attrition is assumed to be 6% from Fall to Winter and an additional 6% from Winter to Spring, unchanged from the FY22 Preliminary Budget.
- Fee remissions are budgeted at \$5.5M, unchanged from the Preliminary Budget.
- The only revenue adjustment is for online course fee revenue, which is adjusted to \$2.233M, a \$400K increase. The Preliminary Budget assumed that 25% of courses would be online, while actual fall term resulted in ~40% of undergraduate enrollment and ~60% of graduate enrollment being online. The Proposed Budget assumes that in-person enrollments will increase in winter and spring, returning to our original assumption of 25% of courses being online.
- Government Resources & Allocations remain unchanged, although HECC has provided a projection that shows the allocation will be \$30.470M, a \$175K increase from the budget. The Preliminary Budget was based on \$886M funding for the PUSF, and before the true-up for updated FY21 credit hours and graduation. The latest projection from the HECC accounts for the increased PUSF funding level of \$900M, and WOU's share of the allocation decreasing. This has not been incorporated into the budget yet as HECC continues to provide varying numbers for what the final allocation will be.

Expense Assumptions:

Total Expenses for FY22 Budget are budgeted at \$67.477M, which is \$1.883M more than the FY22 Preliminary Budget, and \$3.492M more than FY21 Actuals.

Personnel

- Personnel budget totals \$57.246M, \$966K more than the Preliminary Budget and \$915K more than FY21 actuals.
- The \$22.5K decrease in faculty salaries reflects savings from a faculty resignation replaced by NTT funds.
- Unclassified salaries budget has increased by \$607K due to the additional investments that have been made in hopes to boost enrollment. These include three new Admissions positions (Campus Tours, Financial Aid Navigator, and an additional Office Specialist), a Partnership Director in Academic Affairs, an additional Financial Aid Counselor, an IR Analyst, a Budget Analyst, part-year funding for the DEI office, part-year funding for a Business program professional advisor, a part-time Spanish translator, and several equity adjustments for staff in varying departments.
- The \$40K decrease in classified salaries reflects two eliminated custodians, which were fully reimbursed by Housing, so there is a corresponding decrease to internal sales as well.
- Classified pay has a modest increase of \$17K reflecting an increase to public safety based on historical actuals.
- Student pay has increased by \$57K reflecting funding for Freedom Center and small increases to Public Safety, Marketing & Communications, and Multicultural Student Services & Programs.
- Budgeted Other Payroll Expense has increased by \$325K as a result of the other adjustments.

Services & Supplies (S&S)

- Services & Supplies net budget totals \$10.022M, a \$917K increase from the Preliminary Budget, and \$2.496M more than FY21 Actuals.
- Additional investments have been made here as well in hopes to boost enrollment. These include funds for a contract with EAB (strengthen enrollment in graduate programs, focusing on WOU:Salem), a contract with RNL (assist Financial Aid processes), and funds for the Freedom Center and newly created DEI Office. There was also a significant increase (\$115K) to account for increased premiums with PURMIT.
- Reduced budgeted internal sales by \$132K, due to the decrease in Housing custodial reimbursement mentioned under personnel.

Net Transfer Assumptions:

Total Net Transfers are budgeted at \$3.317M, \$172K more than the Preliminary Budget, and \$88K more than FY21 Actuals.

- The athletics subsidy has increased by \$172K, which reflects partial year funding for men's soccer head and assistant coaches.

Other Activities:

Total Other Activities will result in \$2.075M net positive, \$2.372M more than the Preliminary Budget.

- We have incorporated the \$3M of CARES III (ARP) that has been earmarked for E&G relief.
- Retirement incentive faculty payments have been updated to reflect the five faculty that took the incentive (ten were budgeted).
- Funding has also been added for LAS start-up funds, Banner financial aid implementation, and other misc. activities including an events manager for Rice Auditorium, flood damage, emergency tree trimming, and rollover for furniture purchases.

Auxiliary Component:

The auxiliary component is composed of Athletics, Housing, Dining, Parking, Conference Services, Bookstore, Student Health & Counseling Center (SHCC), Child Development Center (CDC), and other minor operations. The net budget deficit for all Auxiliaries (excluding IFC) totals \$327K, which is an improvement from the FY22 Preliminary Budget deficit of \$1.023M.

- University Housing budgeted revenues have been increased by \$75K. The Preliminary Budget was based on occupancy in Arbor Park, Heritage, and Ackerman, but Housing has also opened Barnum Hall due to more students being on campus.
- Campus Dining's revenue remains unchanged as meal plans for fall term came in slightly under what was budgeted, but there have been additional conference and catering events that have subsidized this. Café Allegro's budgeted revenues have been increased by \$25K, as the first two weeks of sales in October came in much higher than anticipated, with cautious optimism the trend will continue.
- Student Health & Counseling Center's revenue budget has been decreased by \$75K due to lower than expected fall term health service fees, as a result of increased online course offerings. The budgeted revenue was left unchanged for winter and spring revenues, with anticipation that we will be closer to the 25% of online courses originally expected. A vacant position was removed from the budget, and \$200K of CARES III (ARP) one-time funds were added, bringing SHCC to a positive budget of \$230K, with hopes to begin to replenish their reserves.
- Recreation Center Building Fee's revenue budget has been increased by \$180K, reflecting actual fall term revenues with 6% attrition anticipated in winter and spring terms.

- Athletics' labor has been updated as mentioned in the E&G transfer out section, to reflect adding two men's soccer coaches, as mentioned above.
- Parking's revenue budget has increased by \$55K given actual revenue-to-date, with the increase resulting from increased parking pass sales. Expenses remain unchanged, reducing Parking's deficit to \$185K.

Incidental Fee (IFC) Component:

Incidental Fee has a net deficit budget of \$199K, remaining unchanged from the FY22 Preliminary Budget (with intentional plan to use fund balance to cover the deficit).

Designated Operations & Service Departments Component:

Designated Operations & Service Department budgets are inclusive of primarily Council of Presidents and Telecommunications, as well as other small miscellaneous budgets. These remain unchanged from the FY22 Preliminary Budget.

FY22 Budget across Component Funds:

Combined component budgets results in a total net budget deficit across these funds of \$2.822M, a \$1.413M improvement from the FY22 Preliminary Budget deficit of \$4.235M.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee recommends to the Board of Trustees to approve the FY22 Budget as presented in the docket.

**Western Oregon University
FY22 Proposed Budget
Component Funds Budget Summary**

	Education & General (E&G)	Auxiliary (excluding IFC)	Incidental Fee (IFC)	Designated Operations & Service Depts	Total
Revenues					
Enrollment Fees	32,272,450	1,891,872	4,281,640	113,134	38,559,096
Government Resources & Allocations	30,983,621	-	-	-	30,983,621
Gift Grants and Contracts	622,260	29,626	80,371	-	732,257
Investment	2,000,000	6,000	21	4,190	2,010,211
Sales & Services	500,000	9,612,736	103,693	126,630	10,343,059
Other Revenues	100,000	1,325,857	172,453	2,030,156	3,628,466
Total Revenues	66,478,331	12,866,091	4,638,178	2,274,110	86,256,710
Expenses					
Personnel	57,245,601	7,409,404	2,067,648	1,018,983	67,741,636
Services & Supplies	10,021,567	7,329,660	2,542,144	1,310,307	21,203,677
Capital Outlay	209,691	-	-	-	209,691
Total Expenses	67,476,859	14,739,064	4,609,792	2,329,290	89,155,004
Net Transfers	3,317,367	(1,346,211)	227,182	750	2,199,088
Total Expenses & Transfers	70,794,226	13,392,853	4,836,973	2,330,040	91,354,092
Net Recurring Budget	(4,315,895)	(526,761)	(198,795)	(55,930)	(5,097,382)
One Time Activities	(2,075,189)	(200,000)	-	-	(2,275,189)
Net Budget	(2,240,706)	(326,761)	(198,795)	(55,930)	(2,822,193)
Beginning Fund Balance	10,870,294	1,839,548	4,499,472	3,047,114	20,256,428
Projected Ending Fund Balance	8,629,588	1,512,786	4,300,676	2,991,184	17,434,235
Fund Balance as a Percentage of Revenues	12.98%	11.76%	92.72%	131.53%	20.21%

Western Oregon University
 FY22 Proposed Budget
 Education & General Fund Detail

	FY22 Preliminary Budget	FY22 Proposed Budget	Increase/ (Decrease)
Revenues			
Tuition & Fees			
Undergraduate Tuition			
Resident	19,420,776	19,420,776	-
WUE	7,004,598	7,004,598	-
Non-Resident	1,353,460	1,353,460	-
Total Undergraduate Tuition	<u>27,778,834</u>	<u>27,778,834</u>	-
Graduate Tuition	3,700,240	3,700,240	-
Summer			
Undergraduate	1,900,000	1,900,000	-
Graduate	800,000	800,000	-
Total Summer	<u>2,700,000</u>	<u>2,700,000</u>	-
Other Tuition	<u>360,000</u>	<u>360,000</u>	-
Total Tuition	34,539,074	34,539,074	-
Fees			
Matriculation	550,000	550,000	-
Course	300,000	300,000	-
Online Course	1,833,376	2,233,376	400,000
Other	150,000	150,000	-
Total Fees	<u>2,833,376</u>	<u>3,233,376</u>	400,000
Fee Remissions	<u>(5,500,000)</u>	<u>(5,500,000)</u>	-
Total Tuition & Fees (net of remissions)	31,872,450	32,272,450	400,000
Government Resources & Allocations			
Student Success & Completion (SSCM)	30,293,705	30,293,705	-
Engineering Technology (ETSF)	307,728	307,728	-
Small-Energy Loan Program (SELP)	382,188	382,188	-
Total Government Resources & Allocations	<u>30,983,621</u>	<u>30,983,621</u>	-
Other Revenues			
Gift Grants and Contracts	622,260	622,260	-
Interest Earnings/Investment	2,000,000	2,000,000	-
Sales & Services	500,000	500,000	-
Other Revenues	100,000	100,000	-
Total Other Revenues	<u>3,222,260</u>	<u>3,222,260</u>	-
			-
Total Revenues	66,078,331	66,478,331	400,000

Western Oregon University
 FY22 Proposed Budget
 Education & General Fund Detail

	FY22 Preliminary Budget	FY22 Proposed Budget	Increase/ (Decrease)
Expenses			
Personnel			
Faculty Salaries	17,898,592	17,876,075	(22,517)
Unclassified Salaries	8,471,711	9,078,781	607,070
Faculty & Unclassified Pay	550,090	572,206	22,116
Classified Salaries	6,585,340	6,545,170	(40,170)
Classified Pay	243,128	260,311	17,183
Student	1,727,983	1,785,055	57,072
OPE	20,803,177	21,128,003	324,826
Total Personnel	56,280,021	57,245,601	965,580
Services & Supplies			
Services & Supplies	12,510,445	13,295,408	784,963
Internal Sales	(3,406,006)	(3,273,841)	132,165
Total Services & Supplies	9,104,439	10,021,567	917,128
Capital Outlay	209,691	209,691	-
Total Expenses	65,594,151	67,476,859	1,882,708
Transfers			
Athletics Subsidy	2,807,002	2,979,025	172,023
Child Development Center Subsidy	150,000	150,000	-
SELP Funding Match	175,000	175,000	-
Misc. Other Transfers	13,342	13,342	-
Total Transfers	3,145,344	3,317,367	172,023
Total Recurring Expenses & Transfers	68,739,495	70,794,226	2,054,731
Net Recurring	(2,661,164)	(4,315,895)	(1,654,731)
Other Activities			
CARES III Reimbursement	-	(3,000,000)	(3,000,000)
Vacation Payout/Unemployment	61,043	61,043	-
Retirement Incentive Faculty Payments	135,650	67,825	(67,825)
Student Vaccine Incentive	100,000	100,000	-
LAS Start-Up Funds	-	50,000	50,000
Banner Financial Aid implementation	-	268,000	268,000
Other Misc. Activities	-	377,943	377,943
Total Other Activities	296,693	(2,075,189)	(2,371,882)
Net	(2,957,857)	(2,240,706)	717,151
Beginning Fund Balance	10,461,708	10,870,294	
Projected Ending Fund Balance	7,503,851	8,629,588	
Fund Balance as a Percentage of Revenues	11.36%	12.98%	