

Finance & Administration Committee (FAC), April 6, 2022 Management Report

Period 8 Actual to Actual Variance:

Education & General Fund Report:

This report provides eight months of actual revenue and expense activity (as of February 28, 2022) as compared to the same period in prior fiscal year.

We were advised to draw the entire remaining Higher Education Emergency Relief Fund (HEERF) amount of \$6.125M in the current fiscal year. In addition, WOU qualified for HEERF SIP funds of \$543K. To staff knowledge, no additional federal allocations are being considered at this time. E&G will receive \$4.819M of these funds, while the remaining \$1.849M is held for potential allocation to auxiliaries based on their performance and cash balances necessary to cover debt service on July 1, 2022 of \$2.1M. HEERF allocation to E&G is designated to cover lost revenues, specific HEERF-related labor and S&S (additional student aid, cleaning supplies, smart classrooms, mask purchases, computer replacement, HEPA filters, etc.). HEERF spending period ends May 2022.

Revenues:

Tuition revenues are \$3.054M less than the prior year despite having a modest tuition increase (2.17% for resident undergrad) due to an approximate 12% enrollment decrease in Fall 2021 and 10% enrollment decrease in Winter 2022 (both decreases respective to the same term prior year). Online course fees have decreased by \$2.325M as expected due to the return of more in-person course modality; during 2020-21 nearly all courses were online due to coronavirus restrictions, this academic year approximately 40% of UG and 60% of GR student credit hours are generated from online courses; the online course fee remained the same between years at \$53/credit. Other fees are \$92K less than the prior year, and fee remissions have decreased \$1.682M from the prior year due to the enrollment decline and incomplete awarding. Altogether, this results in net tuition and fees for Period 8 (encompassing fall and winter terms) being \$3.789M less than the prior year.

Government resources & allocations have increased by \$754K from prior year based on the HECC's Public University Support Fund (PUSF) allocation formula. This is the first three quarters distribution for the 2021-23 biennium. Gift grants and contracts revenue has increased by \$276K from prior year, primarily reflecting increased grant indirect revenue. Other revenues have decreased by \$331K from the prior year. We have drawn all remaining institutional portion ARP (HEERF) funds; however, a portion of these (estimated \$1.849M) will be transferred out of E&G to support our auxiliaries, as shown on the year-end projection and transfer schedule.

Overall, total revenues are \$57.354M, \$3.034M more than the prior year. Without the influx of the \$6.125M of HEERF funds, overall revenues are down \$3.091M from the prior year, primarily because of decreased enrollment and a return to more in-person delivery.

Expenses:

Personnel expenses are \$676K less than the prior period and reflect variations in faculty/staff from the prior year; see the vacancy report for current unfilled position information. This number encompasses the various pay adjustments that have taken place this year across employee types (cost of living adjustments, one-time bonuses/pandemic pay, step increases).

Services and supplies expenses are \$2.185M more than the prior year. FY21 was an atypical year for Service & Supplies expenses given the pandemic and impacts to supply chain timing; the increased spending so far this year is in line with expectation given a return to more in-person activity and normal operations on campus. HEERF-related personnel and services and supplies activity show an increase of \$635K.

Overall, total expenses are \$40.992M, \$2.156M more than the prior year.

Net Revenues less Expenses:

Net revenues less expenses have increased by \$878K compared to prior year.

Auxiliary Enterprises:

Auxiliary Enterprises is comprised of Athletics, University Housing, Campus Dining, Parking, Bookstore, Student Health & Counseling Center (SHCC), Child Development Center (CDC), Incidental Fee, and other minor operations.

Revenues:

Auxiliary revenues all are up significantly from the prior year, which was atypical, due to the return to more in-person activity on campus. Enrollment Fees have increased by \$3.107M, also because of the change to the incidental fee structure (fee of \$355 charged to all students at credit 1). Sales and Services are up \$2.523M from the prior year, with approximately 900 students being in Housing. Other Revenue increased by \$1.343M, with a boost from Destination Western. Altogether, our auxiliary revenue totals \$12.172M and has increased \$6.973M from the prior year. As a point of reference, our auxiliary revenue from February 28, 2020 (pre-pandemic) totaled \$14.194M. So, while our auxiliaries seem to have rebounded from the worst, we have still not yet fully recovered.

Expenses:

Personnel expenses are \$1.008M more than the prior year. Service & Supplies are \$1.613M more than the prior year. These increases are reflective of increased auxiliary activity with the return of more in-person operations.

Net Revenues less Expenses:

Net revenues less expenses total -\$141K and have increased by \$4.352M compared to prior year.

Designated Operations, Service Departments, Clearing Funds:

Designated Operations, Service Departments, and Clearing Funds is comprised primarily of Telecommunications and Oregon Council of Presidents.

Revenues and expenses are very comparable to prior year, trending slightly to the positive.

FY22 Projected Year-End:

This report provides year-end projections. The projected year-end methodology is a combination of actual revenues and expenses for the first eight months of operations and projections for the remaining four months of FY22. Projections for periods nine through twelve are based on the actual FY21 realization/burn rates for period eight, which are applied to FY22 revenues and expenses.

Education & General Fund:

Revenues:

Total revenues are projected to be \$67.355M, \$877K more than the FY22 budget. Altogether, net student fees & tuition are projected to be \$144K more than the adjusted budget, which encompasses a projection of \$5.5M for fee remissions. Gifts, grants, and contracts are projected at \$1.643M, \$1.021M higher than the FY22 budget, primarily because of increased grant indirect activity. Other revenues are projected to be \$2.313M, \$287K less than the FY22 budgeted amount.

Expenses:

Total expenses are projected to be \$66.633M, \$844K less than the FY22 budget. Personnel is projected to be \$56.253M, \$993K less than the budget due to salvage savings from vacant positions. This projection is built on the assumption that the remaining four months of payroll for the year will be equivalent to February. Service and supplies are projected to be \$10.213M. Due to how atypical FY21 was, using prior year's burn rate for projections is not prudent, instead FY19's S&S burn rate (pre-pandemic) of 56.99% was utilized.

Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out. This includes the standard transfers out of support to Athletics and the Child Development Center, as well as one-time HEERF-related transfers.

One-Time Activities:

One-time activities include a \$4.819M reimbursement to E&G. In consultation with our auditors during our FY21 audit, we drew down the remaining balances of all HEERF funds. Although this has changed how we track the funds on our books, managerially the funds will be used for the same purposes as originally planned (COVID-support staff, transitioning to online delivery, one-time equipment purchases, support to auxiliaries, etc.). As a result, you can see that more HEERF funds have flown through to E&G than originally anticipated (\$4.819M compared to the budgeted \$3M). However, there are also additional HEERF-related expenses (\$132K of personnel and \$1.015M of S&S). The HEERF-related revenues and expenses netted together total \$3.672M due to an additional \$543K of HEERF Strengthening Institutional Programs (SIP) funds received. Other one-time activities include retirement incentive payments for five faculty, LAS start-up funds, Banner financial aid implementation, and other misc. activities.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$494K versus the FY22 budget of a loss of \$2.240M. Projected year-end fund balance is \$11.364M, or 16.87% of projected revenues. Without the influx of the one-time \$3.672M of HEERF funds, our projected year end fund balance would be \$7.692M, or 11.42%.

Auxiliary Enterprises:

Revenues:

In FY21, auxiliary revenue was low fall and winter terms, and then increased spring term; in FY22, our auxiliary revenue is following a much more typical trend. Using our typical projection methodology that looks at the prior year's realization rate, therefore would skew the projection, so different realization percentages are assumed. Enrollment fees are projected using 67% (since P8 actuals reflect 2 of 3 terms' fees), totaling \$5.878M, \$295K less than the budget. The shortfall is due to lower-than-expected enrollment resulting in fewer health service and incidental fees. Sales and services are projected assuming periodical realization (8 of 12 periods complete), resulting in a projection of \$10.066M, \$349K more than budgeted. The increase is primarily from dining, including Café Allegro, which is doing better than anticipated. Other revenue is projected using 80%, resulting in a projection of \$1.904M, \$290K more than budgeted, primarily because of Destination Western. This results in total revenues projected to be \$17.848M, \$344K more than the FY22 budget.

Expenses:

Total expenses are projected to be \$19.574M, \$225K more than the budget. Personnel is projected to be \$9.702M, \$225K more than the adjusted budget. Service and supplies are projected to come in on budget at \$9.872M, due to how atypical FY21 was, using that burn rate as a baseline for projections is not prudent.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$635K compared to the FY22 budget of a loss of \$726K. Adding in the projected HEERF reimbursement of \$1.849M results in projected year end fund balance of \$5.567M.

Designated Operations, Service Departments, Clearing Funds:

Revenues:

Total revenues are projected to be \$2.425M, \$151K over budget.

Expenses:

Total expenses are projected to be \$1.986M, \$343K less than the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$438K compared to the FY22 budget of a loss of \$56K. This resulted in projected year end fund balance of \$3.193M.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY22 Projected Year-End Report and the overall Management Report as of February 28, 2022.

Western Oregon University
P8 YTD Actual to Actual Variance

(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of February 28, 2022
For the Fiscal Year Ended June 30, 2022

| | P8 FY21 Actuals | P8 FY21 Realization/ Burn Rate % | P8 FY22 Actuals | P8 FY22 % of Budget | Variance | | Note |
|-------------------------------------|--------------------|--|--------------------|------------------------|--------------|---------------|--|
| | | | | | Actuals | % | |
| Education & General Fund | | | | | | | |
| Revenues | | | | | | | |
| Tuition | 26,082 | | 23,028 | | (3,054) | | Decreased enrollment. |
| Online Course Fees | 4,901 | | 2,576 | | (2,325) | | Decrease in online courses. |
| Other Fees | 963 | | 871 | | (92) | | |
| Less: Fee Remissions | (4,873) | | (3,192) | | 1,682 | | |
| Net Student Fees & Tuition | 27,072 | 70.17% | 23,283 | 72.15% | (3,789) | 1.98% | |
| Government Resources & Allocations | 25,180 | 86.86% | 25,935 | 83.70% | 754 | -3.15% | HECC higher allocation. |
| Gift Grants and Contracts | 349 | 38.01% | 624 | 100.35% | 276 | 62.34% | |
| Other Revenue | 1,718 | 59.98% | 1,387 | 53.35% | (331) | -6.63% | |
| HEERF Reimbursements | - | | 6,125 | | 6,125 | | |
| Total Revenues | 54,320 | 76.13% | 57,354 | 86.27% | 3,034 | 10.15% | |
| Expenses | | | | | | | |
| Personnel | 35,163 | 62.42% | 34,486 | 60.24% | (676) | -2.18% | |
| Service & Supplies | 3,635 | 48.30% | 5,821 | 58.08% | 2,185 | 9.78% | Spending trailed behind in FY21 due to pandemic. |
| Capital Expense | 38 | 29.61% | 49 | 23.60% | 12 | -6.00% | |
| HEERF-Related Personnel | - | | 120 | | 120 | | |
| HEERF-Related S&S | - | | 515 | | 515 | | |
| Total Expenses | 38,836 | 60.69% | 40,992 | 60.75% | 2,156 | 0.06% | |
| Net Revenues less Expenses | 15,484 | | 16,362 | | 878 | | |

Western Oregon University
P8 YTD Actual to Actual Variance

(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of February 28, 2022
For the Fiscal Year Ended June 30, 2022

| | P8 FY21 Actuals | P8 FY21 Realization/ Burn Rate % | P8 FY22 Actuals | P8 FY22 % of Budget | Variance | | Note |
|---|--------------------|--|--------------------|------------------------|--------------|----------------|--|
| | | | | | Actuals | % | |
| Auxiliary Enterprises Funds | | | | | | | |
| Revenues | | | | | | | |
| Enrollment Fees | 832 | 57.20% | 3,938 | 63.79% | 3,107 | 6.60% | Increase in on-campus courses & respective fees. |
| Sales and Services | 4,188 | 63.31% | 6,711 | 69.06% | 2,523 | 5.76% | |
| Other Revenue | 180 | 10.22% | 1,523 | 94.36% | 1,343 | 84.14% | |
| Total Revenues | 5,200 | 52.90% | 12,172 | 69.54% | 6,973 | 16.64% | |
| Expenses | | | | | | | |
| Personnel | 5,259 | 64.59% | 6,267 | 66.13% | 1,008 | 1.54% | |
| Service & Supplies | 4,433 | 54.12% | 6,046 | 61.25% | 1,613 | 7.13% | |
| Capital Expense | - | 0.00% | - | 100.00% | - | 100.00% | |
| Total Expenses | 9,692 | 59.22% | 12,313 | 63.64% | 2,621 | 4.42% | |
| Net Revenues less Expenses | (4,493) | | (141) | | 4,352 | | |
| Designated Operations, Service Departments, Clearing Funds | | | | | | | |
| Revenues | | | | | | | |
| Enrollment Fees | 400 | 1630.24% | (7) | -6.44% | (407) | -1636.69% | |
| Sales and Services | 58 | 51.15% | 90 | 70.79% | 32 | 19.65% | |
| Other Revenue | 1,078 | 55.82% | 1,256 | 61.74% | 178 | 5.92% | |
| Total Revenues | 1,536 | 74.24% | 1,338 | 58.85% | (198) | -15.39% | |
| Expenses | | | | | | | |
| Personnel | 607 | 65.68% | 592 | 58.07% | (15) | -7.61% | |
| Service & Supplies | 555 | 70.00% | 744 | 56.81% | 190 | -13.18% | |
| Capital Expense | 0 | 100.00% | 21 | 100.00% | 21 | 0.00% | |
| Total Expenses | 1,162 | 67.67% | 1,358 | 58.28% | 196 | -9.39% | |
| Net Revenues less Expenses | 374 | | (19) | | (393) | | |

Western Oregon University
 FY22 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of February 28, 2022
 For the Fiscal Year Ended June 30, 2022

| | FY21 Year-End Actuals | FY22 Projected Year-End | FY22 Budget | Variance FY22 Projected Year-End to Budget | Note |
|--|--------------------------|----------------------------|----------------|--|--|
| Education & General Fund | | | | | |
| Recurring Operating Activities | | | | | |
| Student Fees & Tuition (net of remissions) | 38,582 | 32,416 | 32,272 | 144 | |
| Government Resources & Allocations | 28,990 | 30,984 | 30,984 | - | Projection based on budget. |
| Gift Grants and Contracts | 918 | 1,643 | 622 | 1,021 | |
| Other Revenue | 2,864 | 2,313 | 2,600 | (287) | |
| Total Revenues | 71,355 | 67,355 | 66,478 | 877 | |
| Personnel | 56,331 | 56,253 | 57,246 | 993 | Salvage savings. |
| Service & Supplies | 7,526 | 10,213 | 10,022 | (192) | Projection based on FY19's S&S burn rate |
| Capital Expense | 128 | 167 | 210 | 43 | |
| Total Expenses | 63,985 | 66,633 | 67,477 | 844 | |
| Net Transfers | 3,229 | 3,300 | 3,317 | 17 | Projection is based on transfer schedule. |
| Total Expenses and Transfers | 67,214 | 69,933 | 70,794 | 861 | |
| Operating Net Revenues less Expenses | 4,141 | (2,578) | (4,316) | 1,738 | |
| One-Time Activities | | | | | |
| HEERF Reimbursement | 2,400 | 4,819 | 3,000 | 1,819 | Received additional \$543K SIP HEERF award |
| HEERF-Related Personnel | - | (132) | - | (132) | |
| HEERF-Related S&S | - | (1,015) | - | (1,015) | |
| Quasi Endowment | (850) | - | - | - | |
| Other | (1,061) | (600) | (924) | 324 | Projection based on budget. |
| Total One-Time Activities | 489 | 3,072 | 2,076 | 996 | |
| Total Net Revenues less Expenses | 4,630 | 494 | (2,240) | 2,734 | |
| Fund Balance at the Beginning of the Year | 6,240 | 10,870 | 10,870 | | |
| Fund Balance at the End of the Year | 10,870 | 11,364 | 8,630 | | |
| Fund Balance as a Percentage of Revenues | 15.23% | 16.87% | 12.98% | | |

Western Oregon University
 FY22 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of February 28, 2022
 For the Fiscal Year Ended June 30, 2022

| | FY21 Year-End Actuals | FY22 Projected Year-End | FY22 Budget | Variance FY22 Projected Year-End to Budget | Note |
|---|--------------------------|----------------------------|----------------|--|---|
| Auxiliary Enterprises Funds | | | | | |
| Enrollment Fees | 1,454 | 5,878 | 6,174 | (295) | Assumes 2/3 realization |
| Sales and Services | 6,615 | 10,066 | 9,716 | 349 | Assumes periodical realization |
| Other Revenue | 1,760 | 1,904 | 1,614 | 290 | Assumes 80% realization |
| Total Revenues | 9,829 | 17,848 | 17,504 | 344 | |
| Personnel | 8,142 | 9,702 | 9,477 | (225) | |
| Service & Supplies | 8,192 | 9,872 | 9,872 | - | Projection based on budget. |
| Capital Expense | 32 | 0 | - | - | |
| Total Expenses | 16,365 | 19,574 | 19,349 | (225) | |
| Net Transfers | (3,798) | (1,091) | (1,119) | (28) | Projection is based on transfer schedule. |
| Total Expenses and Transfers | 12,567 | 18,484 | 18,230 | (254) | |
| Net Revenues less Expenses | (2,738) | (635) | (726) | 90 | |
| HEERF Funds | 1,700 | 1,849 | | | |
| Additions/Deductions to Fund Balance | (2,178) | (1,985) | | | |
| Fund Balance at the Beginning of the Year | 9,556 | 6,339 | | | |
| Fund Balance at the End of the Year | 6,339 | 5,567 | | | |
| Fund Balance as a Percentage of Revenues | 64.49% | 31.19% | | | |
| Designated Operations, Service Departments, Clearing Funds | | | | | |
| Enrollment Fees | 25 | (0) | 113 | (114) | |
| Sales and Services | 113 | 175 | 127 | 49 | |
| Other Revenue | 1,931 | 2,250 | 2,034 | 216 | |
| Total Revenues | 2,069 | 2,425 | 2,274 | 151 | |
| Personnel | 925 | 901 | 1,019 | 118 | |
| Service & Supplies | 792 | 1,064 | 1,310 | 247 | |
| Capital Expense | - | 21 | - | (21) | |
| Total Expenses | 1,717 | 1,986 | 2,329 | 343 | |
| Net Transfers | (56) | 1 | 1 | - | Projection is based on transfer schedule. |
| Total Expenses and Transfers | 1,661 | 1,987 | 2,330 | 343 | |
| Net Revenues less Expenses | 407 | 438 | (56) | 463 | |
| Additions/Deductions to Fund Balance | (342) | (292) | | | |
| Fund Balance at the Beginning of the Year | 2,982 | 3,047 | | | |
| Fund Balance at the End of the Year | 3,047 | 3,193 | | | |
| Fund Balance as a Percentage of Revenues | 147.29% | 131.70% | | | |

Western Oregon University

Transfers Schedule - Projected FY22

(Unaudited, non-GAAP, for management purposes only)

| | E&G | | | | Auxiliary | | | | Des Ops - Serv Dept. | Plant fund | Other | Total |
|------------------------------|--------|---------|-----------|-----------|-----------|-----|-----|---------|-------------------------|------------|-----------|-----------|
| Transfers In E&G | | | | | | | | | | | (a) | |
| Actual | | | | | | | | | | | | - |
| Upcoming | | | | | | | | | | | 8,893 | 8,893 |
| Transfers Out E&G | | | | | (a) | (b) | (c) | (d) | | (e) | (a) | |
| Actual | | | | | 1,479 | | | 448,767 | | | | 450,246 |
| Upcoming | 98,521 | 150,000 | 2,979,025 | 1,400,000 | | | | | 175,000 | 4,804 | 4,807,350 | |
| Transfers In AUX | (a) | (b) | (c) | (d) | | | | | | | | |
| Actual | | | | 448,767 | | | | | | | | 448,767 |
| Upcoming | 98,521 | 150,000 | 2,979,025 | 1,400,000 | | | | | | | 4,627,546 | |
| Transfers Out AUX | | | | | | | | | | (f) | (g) | |
| Actual | | | | | | | | | | | 36,954 | 36,954 |
| Upcoming | | | | | | | | | | 174,069 | 1,925,973 | 2,100,042 |
| Transfers In DO, SD | | | | | | | | | | | | |
| Actual | | | | | | | | | | | | - |
| Upcoming | | | | | | | | | | | | - |
| Transfers Out DO, SD | | | | | | | | | | | (h) | |
| Actual | | | | | | | | | | | | - |
| Upcoming | | | | | | | | | | | 750 | 750 |

| Type | Description |
|------|---|
| (a) | Miscellaneous (endowment matches, student vaccine initiative, etc.) |
| (b) | Child Development Center support |
| (c) | Athletic operations support |
| (d) | HEERF support to auxiliaries |
| (e) | Small-Scale Energy Loan Program debt service |
| (f) | Student Engagement & Campus Recreation transfers to building/equipment reserves |
| (g) | Misc. auxiliary transfers, including debt payments for Housing and Recreation Center Building Fee |
| (h) | Misc. designated operations and service departments transfers |

**Western Oregon University
Staff Position Status Report by Fund
FY22 as of March 28, 2022**

| | Funds | | |
|---------------------------------------|-------|-------------|-------|
| | E&G | Auxiliaries | Total |
| Budgeted Positions | 258 | 103 | 361 |
| New Hires (July 1 - March 28) | 40 | 26 | 66 |
| Currently Open & Advertised Positions | 15 | 15 | 30 |

*Includes classified and unclassified staff positions

At one point during this quarter we had as many as 45 staff positions open & advertised.