

# Faculty Senate Budget Update

May 8, 2018



Western Oregon  
UNIVERSITY



# Stakeholder Defined

- **Definition of STAKEHOLDER**
  - **1:** a person entrusted with the stakes of bettors
  - **2:** one that has a stake in an enterprise
  - **3:** one who is involved in or affected by a course of action
- 
- We are betting on our employees to do the right things
  - Everyone who works at WOU has a stake in WOU
  - Everyone will be involved in and affected by what we are about to do



# Education and General Fund Budget

Category	<u>2016-17 Actual</u>	<u>2017-18 Budget</u>	<u>2017-18 Projected</u>	<u>2017-18 Budget to 2017-18 Proj.</u>
<b>Revenues:</b>				
State General Fund	\$23,887,896	\$24,521,389	\$24,506,000	(\$15,389)
Tuition - Gross	\$41,672,704	\$43,174,793	\$43,937,000	\$762,207
Tuition Remissions	(\$4,218,552)	(\$4,940,000)	(\$4,131,000)	\$809,000
Student Fees	\$1,873,442	\$1,790,745	\$1,860,000	\$69,255
Other Revenues	\$4,382,679	\$3,736,899	\$4,590,000	\$853,101
<b>Total Revenues</b>	<b>\$67,598,169</b>	<b>\$68,283,826</b>	<b>\$70,762,000</b>	<b>\$2,478,174</b>
<b>Expenditures:</b>				
Personnel	\$54,470,615	\$57,366,527	\$55,557,176	\$1,809,351
Services and Supplies	\$7,383,436	\$8,928,218	\$7,773,918	\$1,154,300
Capital Outlay	<u>\$454,125</u>	<u>\$202,691</u>	<u>\$139,209</u>	<u>\$63,482</u>
<b>Total Expenditures</b>	<b>\$62,308,176</b>	<b>\$66,497,436</b>	<b>\$63,470,303</b>	<b>\$3,027,133</b>
<b>Transfers:</b>				
Transfers In	(\$143,661)	\$0	(\$2,845,856)	\$2,845,856
Transfers Out	<u>\$4,914,454</u>	<u>\$3,183,662</u>	<u>\$5,858,452</u>	<u>(\$2,674,790)</u>
<b>Total Transfers</b>	<b>\$4,770,793</b>	<b>\$3,183,662</b>	<b>\$3,012,596</b>	<b>\$171,066</b>
<b>Total Expenses and Transfers</b>	<b>\$67,078,969</b>	<b>\$69,681,098</b>	<b>\$66,482,899</b>	<b>\$3,198,199</b>
<b>Fund Addition/Deduction</b>	<b>(\$490,000)</b>	<b>\$0</b>	<b>\$0</b>	
<b>Net (deficit)/surplus</b>	<b>\$29,200</b>	<b>(\$1,397,272)</b>	<b>\$4,279,101</b>	
	Source: October 2017 Board docket	Source: October 2017 Board docket	Source: UBC Proj. Net planned for Child Center move, quasi-endowment to support scholarships and Rice Theatre addition/reno, etc.	



# New Paradigm

- Extra resources are a result of ultra conservative operating/budgeting practices, significant central control over revenues and expenses
- We are implementing a different method of managing the university – more progressive, more empowering and better alignment with State needs
- Decisions are better made closer to their point of impact – driving decentralization
- More focus on value adding work
- Better alignment of authority, responsibility and accountability
- Treating everyone as a stakeholder in the organization drives transparency, inclusion and better access to information for decision-making



# Need Better Alignment with External Environment

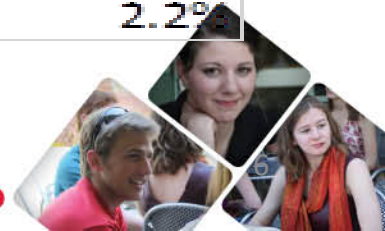
- Our academic program mix is not well aligned with State and societal needs
  - Need more STEM, business, health care, other professional programs
  - Flexible degree paths—many students today are balancing work, family, educational and other demands on their time and need convenient ways of earning credits/degrees via on-line and hybrid offerings
  - OSU ten years ago had limited on-line offerings and today they generate over \$100M in on-line tuition revenues
  - OIT's on-line offerings are growing at more than 25% per year
- WOU needs to be more responsive by adding new programs in convenient formats to serve these needs



# Future Concerns

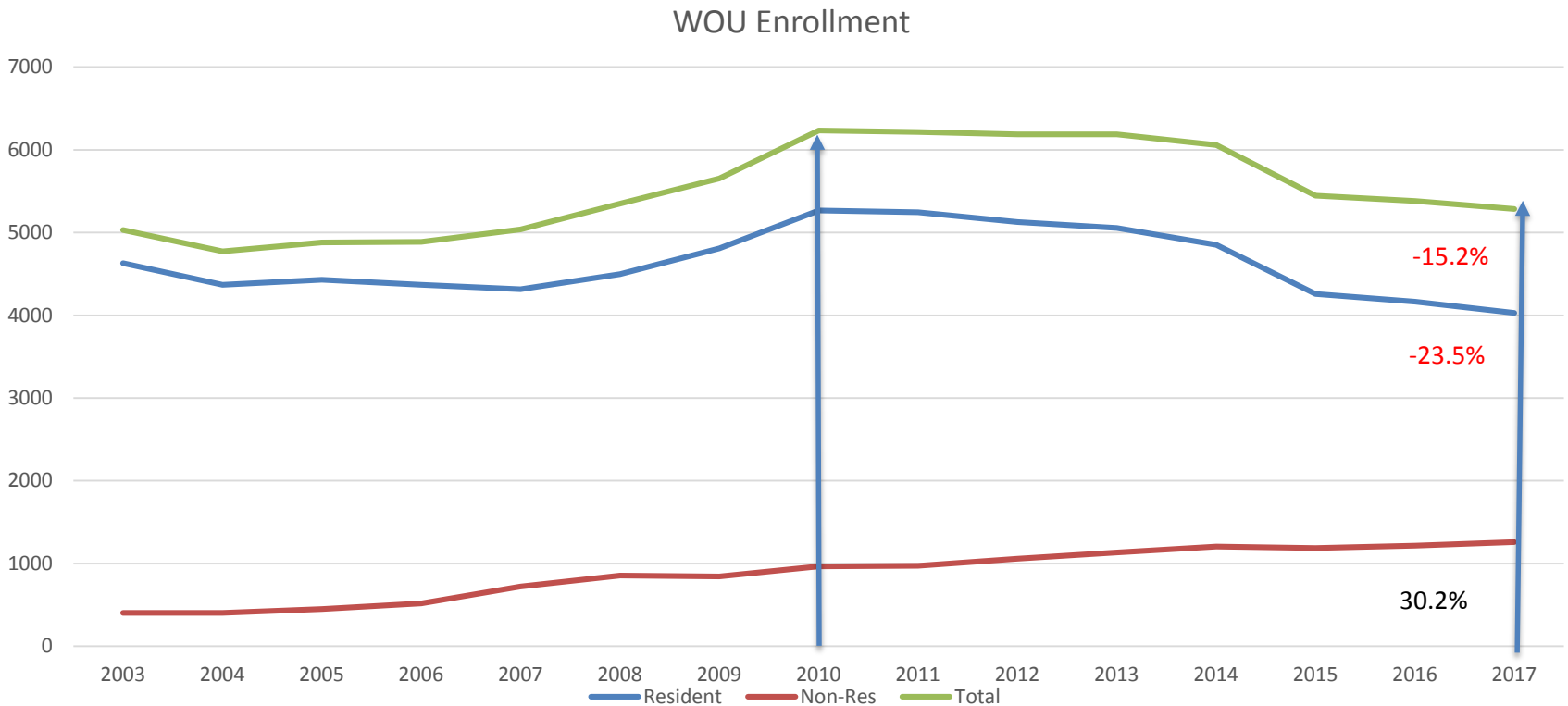
- PERS increases in 2019-20 and every biennium for the foreseeable future
- Will add between **\$1.5-\$2.0M** in added cost every two years
- A 3% tuition increase generates only ~\$1.4M

Estimated Increases in Retirement Expenses for Total E&G		
	Annual increase from FY19 to FY20	Biennial increase from 2017-19 to 2019-21
EOU	18.0%	23.2%
OIT	22.4%	26.3%
OSU	17.6%	24.1%
PSU	20.7%	25.5%
SOU	24.3%	29.4%
UO	20.6%	24.8%
WOU	26.1%	29.0%
Total	20.0%	25.1%
Low	17.6%	23.2%
High	26.1%	29.4%
Average	21.4%	26.0%
Std Dev	2.9%	2.2%



# Enrollment

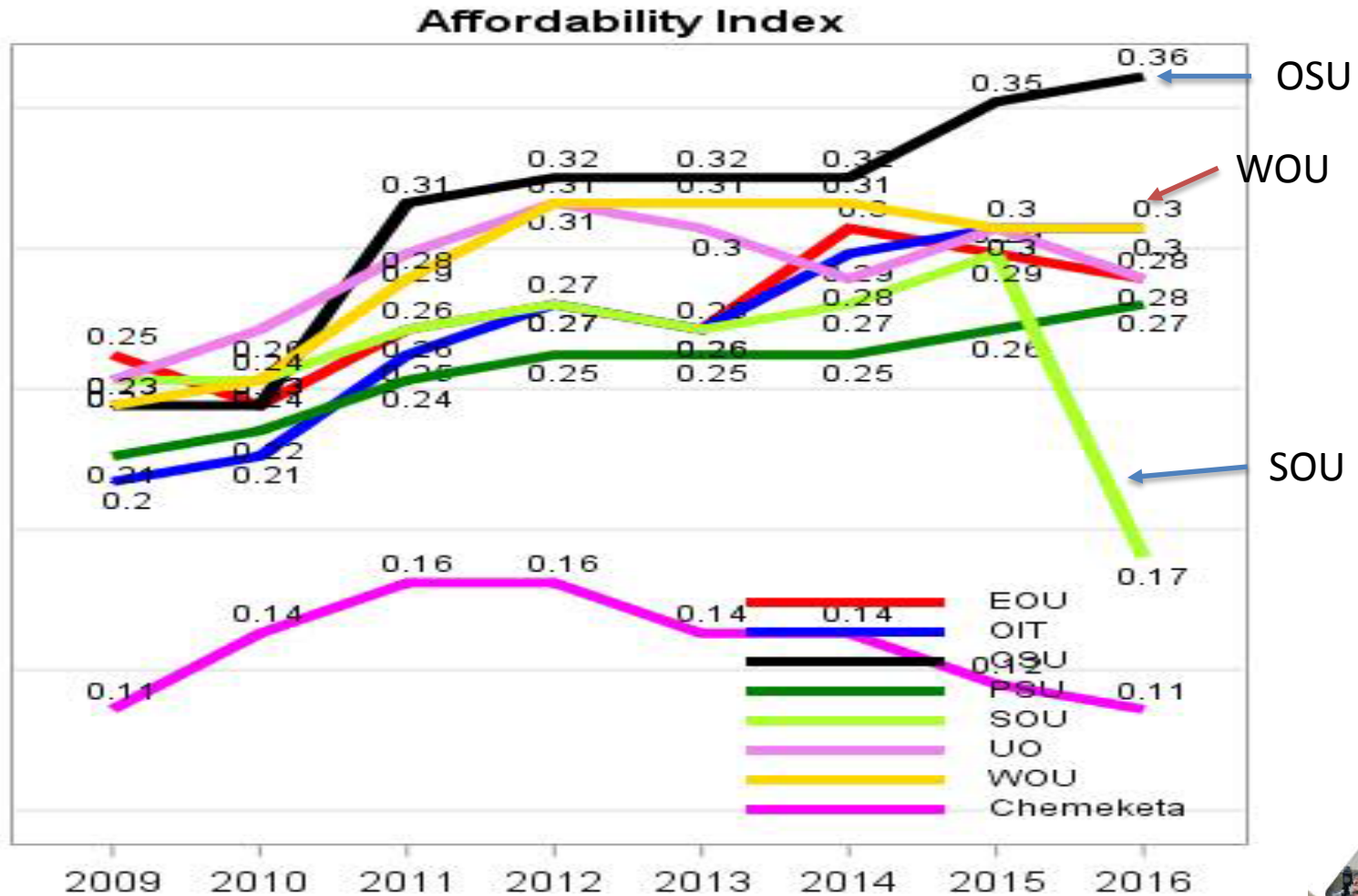
- Financial stability requires 1-2% annual enrollment growth and everyone plays a role in overall enrollment stability



Source: HECC, Fall 4<sup>th</sup> Week Enrollment Reports



# Affordability Index: Total Cost of Attendance/Median Family Income





# Affordability

- Tuition moderation combined with increased fee remissions to ensure continued affordability
  - Increasingly diverse high school graduates who will need financial and academic support to be successful
- Improved value proposition
  - We must continually demonstrate value to the State and must fulfill the aspirations of our students



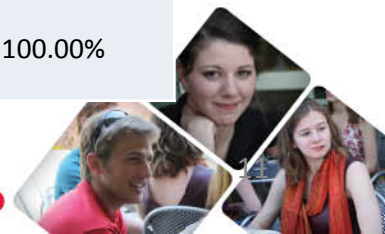
# New Budget Process for 2018-19

- Added transparency and consultation (UBC)
- Changing the manner in which budgets are managed
  - Past – departments only managed student pay, S&S and Capital Outlay (24% of total) and any salary/OPE savings swept and recruitment costs were paid centrally
  - Future – departments will manage total (100%) budget – this will result in approx. \$2.0M in salary/OPE savings staying in departments, but recruitment costs to be funded by department
    - Salary savings would be a good source of funding for one-time needs like professional development and training, equipment, start-up costs, etc.
- UBC will make recommendations on budget proposals to invest or reduce budgets each year and to monitor budget to actuals and projections throughout year



# Projected Salary Savings for 2017-18

<b>E&amp;G Fund 2017-18</b>					
<b>Salary and OPE Savings Projection</b>					
<u>Department</u>	<u>Adopted Budget</u>	<u>Actuals</u>	<u>Projected</u>	<u>Savings</u>	<u>% of Total</u>
President	\$533,305	\$433,336	\$535,694	(\$2,389)	-0.13%
Legal	\$568,379	\$489,437	\$605,046	(\$36,668)	-2.03%
MarCom/Univ Advancement	\$1,235,438	\$759,009	\$938,295	\$297,143	16.42%
Provost (includes TRI)	\$4,592,936	\$3,471,543	\$4,291,556	\$301,379	16.66%
LAS	\$23,679,226	\$18,430,694	\$22,784,207	\$895,019	49.47%
COE	\$8,880,666	\$6,963,094	\$8,607,846	\$272,820	15.08%
Library	\$1,912,900	\$1,570,749	\$1,941,776	(\$28,876)	-1.60%
VPFA (includes HR)	\$11,628,063	\$9,353,457	\$11,562,837	\$65,226	3.60%
Student Affairs	\$4,335,616	\$3,470,219	\$4,289,919	\$45,697	2.53%
<b>Total</b>	<b>\$57,366,527</b>	<b>\$44,941,539</b>	<b>\$55,557,176</b>	<b>\$1,809,351</b>	<b>100.00%</b>



# Summary of WOU E&G Budget Changes 2017-18 to 2018-19

- Despite enrollment decline revenues are up from what was budgeted (+\$3.3M)
- Savings from Banner migration to cloud, reducing bad debt allowances and other areas that had excess budget (+\$3.0M)
- Operational investments made for added personnel, student pay, graduate assistant salaries, increased OPE rates for health care costs, S&S adj., etc. (~\$2.5M)
- Recognizing recurring budget for Willamette Promise, Child Development Center subsidy, etc. (~\$400K)



# E&G Budget Comparison 2017-18 to 2018-19

<u>Category</u>	<u>2017-18 Budget</u>	<u>Under Development 2018-19 Budget</u>	<u>Change 2017-18 Budget to 2018-19 Budget</u>
<b>Revenues:</b>			
State General Fund	\$24,521,389	\$25,007,000	\$485,611
Tuition - Gross	\$43,174,793	\$45,774,000	\$2,599,207
Tuition Remissions	(\$4,940,000)	(\$5,676,000)	(\$736,000)
Student Fees	\$1,790,745	\$1,879,000	\$88,255
Other Revenues	<u>\$3,736,899</u>	<u>\$4,636,000</u>	<u>\$899,101</u>
<b>Total Revenues</b>	<b>\$68,283,826</b>	<b>\$71,620,000</b>	<b>\$3,336,174</b>
<b>Expenditures:</b>			
Personnel	\$57,366,527	\$58,128,241	\$761,714
Services and Supplies	\$8,928,218	\$6,494,737	(\$2,433,481)
Capital Outlay	<u>\$202,691</u>	<u>\$218,591</u>	<u>\$15,900</u>
<b>Total Expenditures</b>	<b>\$66,497,436</b>	<b>\$64,841,569</b>	<b>(\$1,655,867)</b>
<b>Transfers:</b>			
Transfers In	\$0	(\$876,092)	(\$876,092)
Transfers Out	<u>\$3,183,662</u>	<u>\$4,264,030</u>	<u>\$1,080,368</u>
<b>Total Transfers</b>	<b>\$3,183,662</b>	<b>\$3,387,938</b>	<b>\$204,276</b>
<b>Total Expenses and Transfers</b>	<b>\$69,681,098</b>	<b>\$68,229,507</b>	<b>(\$1,451,591)</b>
<b>Net (deficit)/surplus</b>	<b>(\$1,397,272)</b>	<b>\$3,390,493</b>	
	Source: October 2017 Board docket	Net needed to cover budget initiatives, PERS increases in following year and compensation adjustments, and strategic investment fund	



Thank you.

Questions?

