

FY20 Adopted Budget

Budget Creation Process

For the past several months, we have been working towards developing the FY20 Budget. This is the first year we are undergoing this process in a decentralized budget environment. Thus, we supported the process by providing budget training in multiple capacities, including in-person meetings, a video training, and written instructions. The overall purpose of the budgeting process was to engage all relevant campus stakeholders in setting fiscal targets and levels of expenditures, allocating resources in conformity with fiscal targets and University's Strategic Plan, and addressing issues of operational efficiency and performance standards.

The process involved having 26 meetings with stakeholders across campus, including LAS, COE, divisions of Academic Affairs, Student Affairs, General Counsel, Development and Advancement, Finance and Administration, and Auxiliary Services. In addition, the budgeting process included University Budget Advisory Committee's (UBAC) review of campus-wide initiative and efficiency proposals, Tuition and Fee Advisory Committee's (TFAC) involvement in the tuition setting process, and Incidental Fee Committee's (IFC) involvement in setting the incidental fee.

Budget formulation took place in an uncertain state funding environment with the Governor Recommended Budget (GRB) allocating no additional funds from the previous biennium to higher education. The Co-Chair's Recommended Budget allocated an additional \$40.5M from the prior biennium to higher education (PUSF).

FY20 Budget Highlights:

Revenue:

1. State appropriations remain uncertain. As a result, the FY20 budget is built upon the assumption of an additional \$40.5M being invested into the PUSF, but also includes the impact of \$60M, \$80M, \$100M, and \$120M scenarios on the revenue side.
2. Tuition revenues are based on the assumption of flat enrollment.
3. Tuition revenues have been adjusted for the rates approved by the Board (a Resident Undergraduate tuition increase of 2.33%), for a projected budgetary increase of \$980K.
4. Other revenues projected to be equivalent to FY19's projected actual earnings, for a projected budgetary increase of \$837K.
5. Fee remission budget increased by \$1.6M to enhance enrollment and retention.

Expenses:

1. Total expense increase is \$3.045M.

2. Increase to PERS expense of \$1.25M, which is offset by the \$750K reserve built into the FY19 budget.
3. Projected budgetary increase to salaries totals \$1.5M, which includes faculty raises as per the CBA, step increases for classified staff (based on FY19 contract), and a pool for raises for unclassified staff and changes to the classified staffs' contract.
4. An overall increase in S&S of \$614K. This includes \$100K added for a budget contingency, \$202K added for the Natural Science debt repayment to begin next year, and \$100K added for bad debt expense (\$0 of bad debt expense was budgeted in FY19).
5. An overall increase in transfers out of \$103K to account for an increase in athletics' subsidy due to funding men's soccer head and assistant coach positions.
6. New initiatives invested in the proposed budget include:
 - a. Salem presence of \$401K
 - b. Organizational Leadership program of \$150K
 - c. Two new positions in the Financial Aid office totaling \$129K
 - d. A new Institutional Research Analyst totaling \$102K
 - e. A new Paralegal position for General Counsel totaling \$88K
 - f. Open Educational Resource incentives/textbook rental initiative of \$45K
 - g. Strong Start Scholars program to support students interested in STEM fields of \$19K
 - h. Funding to continue CASA services that were previously funded by a grant of \$103K
 - i. Funding to improve experiential learning of \$12K
 - j. Funding for a temporary position to improve web marketing of \$77K

Budget Summary

With the uncertain level of state funding and an environment of dwindling enrollment across the state, the budget proposed is in deficit. WOU's conservative financial history has provided reserves that can be utilized in times such as these. While we recognize that this is not a sustainable approach to these challenges over time, we believe it is the best decision for our students this year.

Additionally, an adjusted proposed FY20 budget will be prepared in the fall once actual state appropriations and enrollment are known. At that time, the expense side of the budget will be reassessed and adjusted as necessary.

**Western Oregon University
Proposed FY20 Budget**

	FY19 Budget	Proposed FY20 Budget	Variance	Note
Revenues				
Tuition				
UG Resident	20,083,733	20,551,684	467,951	
UG WUE	7,413,916	7,586,660	172,744	
UG NonResident	3,813,263	4,001,638	188,375	
UG Online	6,233,714	6,288,571	54,857	
Summer UG Resident	357,694	372,896	15,202	
Summer UG NonResident	433,815	446,829	13,014	
			-	
G Resident	1,090,366	1,127,548	37,182	
G NonResident	394,342	413,822	19,480	
G Online	3,489,789	3,489,789	-	
Summer G Resident	165,225	170,182	4,957	
Summer G NonResident	39,431	39,431	-	
			-	
Fac/Staff	<u>214,367</u>	<u>219,362</u>	<u>4,995</u>	
Total Gross Tuition	43,729,655	44,708,412	978,757	
Fees	1,966,865	1,966,865	-	
Fee Remissions	(4,670,000)	(6,270,000)	(1,600,000)	Increase of \$1.6M in budget
State	25,348,067	25,765,566	417,499	Assumed \$40.5M level of funding
Gifts Grants & Contracts	584,000	1,010,336	426,336	Assumed equivalent to FY19 actuals
Investment	3,374,000	3,815,203	441,203	Assumed equivalent to FY19 actuals
Sales & Services	357,000	383,172	26,172	Assumed equivalent to FY19 actuals
Other Revenues	<u>161,000</u>	<u>104,628</u>	<u>(56,372)</u>	Assumed equivalent to FY19 actuals
Total Revenue	<u>70,850,587</u>	<u>71,484,182</u>	<u>633,595</u>	
Expenses				
Personnel	59,824,387	62,196,159	(2,371,772)	Includes raises, new positions, and increase in retirement by 3.1%
Service & Supplies	8,100,006	8,714,119	(614,113)	Natural Science debt repayment, UBAC initiatives, contingency of \$100K
Net Transfers	<u>3,428,607</u>	<u>3,619,069</u>	<u>(190,462)</u>	Increase to athletics
Total Expenses	<u>71,353,000</u>	<u>74,529,347</u>	<u>(3,176,347)</u>	
Net Revenues less Expenses	<u>(502,413)</u>	(3,045,165)	(2,542,752)	
Net Adjusted for Different Levels of Additions to the PUSF:				
	WOU's Year 1 Level of Funding	FY20 Budget Deficit	Difference from Base Budget	
Additional \$40.5M	25,765,566	(3,045,165)	-	
Additional \$60M	26,394,882	(2,415,849)	629,316	
Additional \$80M	26,947,370	(1,863,361)	1,181,804	
Additional \$100M	27,499,859	(1,310,872)	1,734,293	
Additional \$120M	28,052,345	(758,386)	2,286,779	

DRAFT FY20 Budget Overview**Net Changes from FY19 Adjusted Budget to Proposed FY20 Budget**

(in thousands)

Revenues

Increase in fee remissions	(1,600)	
Increase in other revenues based on FY19 Overrealization	837	
Increase in tuition from new rates	980	
Increase in state funding (at \$40.5M level)	417	
		634

Expenses

Increase to salary cost - due to raises/COLA	(1,500)	
Increase to retirement expense	(1,250)	
Retirement increase built into budget last year	750	
Natural Science Debt Service payment added	(202)	
Contingency added	(100)	
Bad debt expense added	(100)	
Increase in athletics subsidy	(103)	
New initiatives invested in		
Salem presence	(401)	
Organizational Leadership program	(150)	
Financial Aid (2 new positions)	(129)	
Institutional Research (IR) Analyst (new position)	(102)	
General Counsel Paralegal (new position)	(88)	
Open Educational Resource Incentives/Textbook Rental	(45)	
Strong Start Scholars	(19)	
CASA	(103)	
Experiential Learning	(12)	
Web Marketing (temp)	(77)	
Reallocated budget	586	
		(3,045)

Net Revenue less Expenses (2,411)**Fund Balance Projected at FY19 Year-End 13,816**

Fund Balance as a Percent of Revenues 19.64%

Existing FY19 Budget Deficit (502)

FY19/20 non-recurring budget expenses (900)

Fund Balance Projected at FY20 Year-End with Proposed Budget 10,003

13.90%

Fund Balance Projected at FY20 Year-End Adjusted for State Funding Levels**% of Revenues**

Additional \$40.5M	10,003	13.90%
Additional \$60M	10,632	14.77%
Additional \$80M	11,185	15.54%
Additional \$100M	11,737	16.30%
Additional \$120M	12,290	17.07%