

Finance & Administration Committee (FAC), February 2, 2022 Management Report

Period 6 Actual to Actual Variance:

Education & General Fund Report:

This report provides six months of actual revenue and expense activity (as of December 31, 2021) as compared to the same period in prior fiscal year.

Revenues:

Tuition revenues are \$3.292M 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 \$2.409M 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 \$79K less than the prior year, and fee remissions have decreased \$1.775M from the prior year due to the enrollment decline and incomplete awarding. Altogether, this results in net tuition and fees for Period 6 being \$4.005M less than the prior year.

Government resources & allocations have increased by \$792K from prior year based on the HECC's Public University Support Fund (PUSF) allocation formula. This is the first two quarters distribution for the 2021-23 biennium. Gift grants and contracts revenue has increased by \$212K from prior year, primarily reflecting increased grant indirect revenue. Other revenues have increased by \$1.105M from the prior year; this includes \$1.5M of reimbursement from the American Rescue Plan (the third installment of Higher Education Emergency Relief Funds (HEERF)); without this one-time money, other revenues have decreased by \$395K from the prior year.

Overall, total revenues are \$44.907M, \$1.895M less than the prior year. Without the influx of the \$1.5M of HEERF funds, overall revenues are down \$3.395M from the prior year, primarily because of decreased enrollment and a return to more in-person delivery.

Expenses:

Personnel expenses are \$718K less than the prior period and reflect small variations in faculty/staff from the prior year. This number includes one-time bonuses that were paid to unclassified staff on December 31st. Pandemic pay one-time payments for classified staff are still to be paid. Cost of Living Adjustments across all employee types and step increases for classified and Tenure/Tenured-Track faculty are expected in future months activity.

Services and supplies expenses are \$1.934M 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.

Overall, total expenses are \$28.867M, \$1.228M more than the prior year.

Net Revenues less Expenses:

Net revenues less expenses have decreased by \$3.123M 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 \$3.105M, 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 \$1.649M from the prior year, with approximately 900 students being in Housing. Other Revenue increased by \$1.004M, with a boost from Destination Western. Altogether, our auxiliary revenue totals \$9.321M and has increased \$5.758M from the prior year. As a point of reference, our auxiliary revenue from December 31, 2019 (pre-pandemic) totaled \$11.089M. So, while our auxiliaries seem to have rebounded from the worst, we have still not yet fully recovered.

Expenses:

Personnel expenses are \$656K more than the prior year. Service & Supplies are \$1.219M 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 \$803K and have increased by \$3.883M 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 six months of operations and projections for the remaining six months of FY22. Projections for periods seven through twelve are based on the actual FY21 realization/burn rates for period six, which are applied to FY22 revenues and expenses.

Education & General Fund:

Revenues:

Total revenues are projected to be \$66.65M, \$172K more than the FY22 budget. Altogether, net student fees & tuition are projected to be \$303K less than the adjusted budget, which encompasses a projection of \$5.5M for fee remissions. Gifts, grants, and contracts are projected at \$1.65M, \$1.028M higher than the FY22 budget, primarily because of increased grant indirect activity. Other revenues are projected to be \$2.047M, \$553K less than the FY22 budgeted amount.

Expenses:

Total expenses are projected to be \$66.584M, \$893K less than the FY22 budget. Personnel is projected to be \$56.663M, \$583K less than the budget due to salvage savings from vacant positions. This projection is built on the assumption that the remaining six months of payroll for the year will be equivalent to a 2% increase from December (due to various COLAs and step increases anticipated). Service and supplies are projected to be \$9.744M. Due to how atypical FY21 was, using prior year's burn rate for projections is not prudent, instead it was assumed that spending will continue at the same pace for the second half of the year.

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.

One-Time Activities:

One-time activities include a \$3M 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 will change 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, in January we will see approximately \$6M of HEERF funds come into E&G. However, there will be corresponding increases in expenditures or transfers out. For purposes of projecting our fund balance, the \$3M planned reimbursement for E&G is all that is included. 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 loss of \$1.176M versus the FY22 budget of a loss of \$2.240M. Projected year-end fund balance is \$9.694M, or 14.55% of projected revenues. Without the influx of the one-time \$3M of HEERF funds, our projected year end fund balance would be \$6.694M, or 10.04%.

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 P6 actuals reflect 2 of 3 terms' fees), totaling \$5.788M, \$385K 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 using 40% (since we have only completed 1 term, but fall term has the most activity), resulting in a projection of \$10.746M, \$1.029M. The increase is primarily from dining, including Café Allegro, which is doing better than anticipated. Other revenue is projected using 50% (since we are half-way through the fiscal year), resulting in a projection of \$2.289M, \$674K more than budgeted, primarily because of Destination Western. This results in total revenues projected to be \$18.822M, \$1.318M more than the FY22 budget.

Expenses:

Total expenses are projected to be \$19.386M, \$37K more than the budget. Personnel is projected to be \$9.514M, \$37K 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 gain of \$545K compared to the FY22 budget of a loss of \$726K. Adding in the projected HEERF reimbursement of \$200K resulted in projected year end fund balance of \$5.099M.

Designated Operations, Service Departments, Clearing Funds:

Revenues:

Total revenues are projected to be \$2.757M, \$483K over budget.

Expenses:

Total expenses are projected to be \$1.899M, \$431K less than the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$858K compared to the FY22 budget of a loss of \$56K.

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 December 31, 2021.

Western Oregon University
P6 YTD Actual to Actual Variance

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

As of December 31, 2021
For the Fiscal Year Ended June 30, 2022

	P6 YTD FY21	P6 YTD FY22	Variance	Note
	Actuals	Actuals		
Education & General Fund				
Revenues				
Tuition	26,188	22,896	(3,292)	Decreased enrollment.
Online Course Fees	4,887	2,479	(2,409)	Decrease in online courses.
Other Fees	885	807	(79)	
Less: Fee Remissions	(4,730)	(2,955)	1,775	
Net Student Fees & Tuition	27,231	23,226	(4,005)	
Government Resources & Allocations	17,923	18,716	792	HECC higher allocation.
Gift Grants and Contracts	265	477	212	
Other Revenue	1,382	2,488	1,105	FY22 includes \$1.5M ARP reimbursement.
Total Revenues	46,802	44,907	(1,895)	
Expenses				
Personnel	24,669	23,951	(718)	
Service & Supplies	2,938	4,872	1,934	Spending trailed behind in FY21 due to pandemic.
Capital Expense	32	44	12	
Total Expenses	27,638	28,867	1,228	
Net Revenues less Expenses	19,164	16,040	(3,123)	

Western Oregon University
P6 YTD Actual to Actual Variance

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

As of December 31, 2021
For the Fiscal Year Ended June 30, 2022

	P6 YTD FY21	P6 YTD FY22	Variance	Note
	Actuals	Actuals		
Auxiliary Enterprises Funds				
Revenues				
Enrollment Fees	773	3,878	3,105	Increase in on-campus courses & respective fees.
Sales and Services	2,649	4,298	1,649	
Other Revenue	140	1,144	1,004	
Total Revenues	3,562	9,321	5,758	
Expenses				
Personnel	3,894	4,550	656	
Service & Supplies	2,748	3,967	1,219	
Capital Expense	-	-	-	
Total Expenses	6,642	8,517	1,875	
Net Revenues less Expenses	(3,080)	803	3,883	
Designated Operations, Service Departments, Clearing Funds				
Revenues				
Enrollment Fees	9	11	2	
Sales and Services	42	63	20	
Other Revenue	697	924	227	
Total Revenues	748	997	249	
Expenses				
Personnel	436	453	17	
Service & Supplies	423	501	78	
Capital Expense	0	0	0	
Total Expenses	859	954	95	
Net Revenues less Expenses	(111)	43	155	

Western Oregon University
P6 Percent Actual Variance Analysis
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of December 31, 2021
For the Fiscal Year Ended June 30, 2022

	P6 FY21 Realization/ Burn Rate %	P6 FY22 % of FY22 Proposed Budget	Variance
Education & General Fund			
Revenues			
Student Fees & Tuition (net of remissions)	70.58%	71.97%	1.39%
Government Resources & Allocations	61.83%	60.41%	-1.42%
Gift Grants and Contracts	28.92%	76.72%	47.79%
Other Revenue	48.25%	95.68%	47.43%
Total Revenues	<u>65.59%</u>	<u>67.55%</u>	<u>1.96%</u>
Expenses			
Personnel	43.79%	41.84%	-1.95%
Service & Supplies	39.04%	48.62%	9.58%
Capital Expense	24.76%	20.95%	-3.81%
Total Expenses	<u>43.19%</u>	<u>42.78%</u>	<u>-0.41%</u>

Western Oregon University
P6 Percent Actual Variance Analysis
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of December 31, 2021
For the Fiscal Year Ended June 30, 2022

	P6 FY21 Realization/ Burn Rate %	P6 FY22 % of FY22 Proposed Budget	Variance
Auxiliary Enterprises Funds			
Revenues			
Enrollment Fees	53.15%	62.82%	9.67%
Sales and Services	40.05%	44.24%	4.19%
Other Revenue	7.95%	70.89%	62.93%
Total Revenues	36.24%	53.25%	17.01%
Expenses			
Personnel	47.83%	48.01%	0.19%
Service & Supplies	33.55%	40.19%	6.64%
Capital Expense	100.00%	100.00%	0.00%
Total Expenses	40.59%	44.02%	3.43%
Designated Operations, Service Departments, Clearing Funds			
Revenues			
Enrollment Fees	37.01%	9.48%	-27.53%
Sales and Services	37.43%	49.47%	12.04%
Other Revenue	36.07%	45.41%	9.34%
Total Revenues	36.16%	43.85%	7.69%
Expenses			
Personnel	47.17%	44.47%	-2.70%
Service & Supplies	53.41%	38.23%	-15.18%
Capital Expense	0.00%	0.00%	0.00%
Total Expenses	50.05%	40.95%	-9.10%

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

As of December 31, 2021
 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	31,969	32,272	(303)	
Government Resources & Allocations	28,990	30,984	30,984	-	Projection based on budget.
Gift Grants and Contracts	918	1,650	622	1,028	
Other Revenue	2,864	2,047	2,600	(553)	
Total Revenues	71,355	66,650	66,478	172	
Personnel	56,331	56,663	57,246	583	Salvage savings.
Service & Supplies	7,526	9,744	10,022	277	Projection assumes S&S spending will be consistent second-half of year.
Capital Expense	128	177	210	32	
Total Expenses	63,985	66,584	67,477	893	
Net Transfers	3,229	3,317	3,317	-	Projection is based on transfer schedule.
Total Expenses and Transfers	67,214	69,902	70,794	893	
Operating Net Revenues less Expenses	4,141	(3,252)	(4,316)	1,064	
One-Time Activities					
HEERF Reimbursement	2,400	3,000	3,000	-	
Quasi Endowment	(850)	-	-	-	
Other	(1,061)	(924)	(924)	-	Projection based on budget.
Total One-Time Activities	489	2,076	2,076	-	
Total Net Revenues less Expenses	4,630	(1,176)	(2,240)	1,064	
Fund Balance at the Beginning of the Year	6,240	10,870	10,870		
Fund Balance at the End of the Year	10,870	9,694	8,630		
Fund Balance as a Percentage of Revenues	15.23%	14.55%	12.98%		

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

As of December 31, 2021
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	5,788	6,174	(385)	
Sales and Services	6,615	10,746	9,716	1,029	
Other Revenue	1,760	2,289	1,614	674	
Total Revenues	9,829	18,822	17,504	1,318	
Personnel	8,142	9,514	9,477	(37)	
Service & Supplies	8,192	9,872	9,872	-	Projection based on budget.
Capital Expense	32	-	-	-	
Total Expenses	16,365	19,386	19,349	(37)	
Net Transfers	(3,798)	(1,109)	(1,119)	(10)	Projection is based on transfer schedule.
Total Expenses and Transfers	12,567	18,277	18,230	(47)	
Net Revenues less Expenses	(2,738)	545	(726)	1,271	
HEERF Funds	1,700	200			
Additions/Deductions to Fund Balance	(2,178)	(1,986)			
Fund Balance at the Beginning of the Year	9,556	6,339			
Fund Balance at the End of the Year	6,339	5,099			
Fund Balance as a Percentage of Revenues	64.49%	27.09%			
Designated Operations, Service Departments, Clearing Funds					
Enrollment Fees	25	29	113	(84)	
Sales and Services	113	167	127	41	
Other Revenue	1,931	2,561	2,034	527	
Total Revenues	2,069	2,757	2,274	483	
Personnel	925	961	1,019	58	
Service & Supplies	792	938	1,310	372	
Capital Expense	-	-	-	-	
Total Expenses	1,717	1,899	2,329	431	
Net Transfers	(56)	1	1	-	Projection is based on transfer schedule.
Total Expenses and Transfers	1,661	1,899	2,330	431	
Net Revenues less Expenses	407	858	(56)	463	
Additions/Deductions to Fund Balance	(342)	(301)			
Fund Balance at the Beginning of the Year	2,982	3,047			
Fund Balance at the End of the Year	3,047	3,604			
Fund Balance as a Percentage of Revenues	147.29%	130.69%			

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				(b)	(c)	(d)		(e)	(a)	(f)	
Actual						496					496
Upcoming	150,000	2,979,025	99,504	150,000	2,979,025	99,504	175,000	4,804	17,431		3,425,764
Transfers In AUX	(b)	(c)	(d)								
Actual				496							496
Upcoming	150,000	2,979,025	99,504	99,504							3,228,529
Transfers Out AUX								(g)	(h)		
Actual									20,079		20,079
Upcoming								174,069	1,925,973		2,100,042
Transfers In DO, SD											-
Actual											-
Upcoming											-
Transfers Out DO, SD									(i)		
Actual											-
Upcoming									750		750

Type	Description
(a)	Endowment matches
(b)	Child Development Center support
(c)	Athletic operations support
(d)	Student Vaccine Initiative
(e)	Small-Scale Energy Loan Program debt service
(f)	Teacher Prep Cost Share support
(g)	Student Engagement & Campus Recreation transfers to building/equipment reserves
(h)	Misc. auxiliary transfers, including debt payments for Housing and Recreation Center Building Fee
(i)	Misc. designated operations and service departments transfers