

## **Finance & Administration Committee (FAC), May 25, 2022**

### **Management Report as of April 30, 2022**

#### **Period 10 YTD Actual to Actual Variance:**

This report provides ten months of actual revenue and expense activity (as of April 30, 2022) as compared to the same period in prior fiscal year (April 30, 2021).

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 (which has not yet been drawn). E&G will receive \$5.219M of these funds, while the remaining \$1.449M 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.).

#### **Education & General Fund:**

##### **Revenues:**

Tuition revenues are \$4.279M 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 decreases in Winter and Spring 2022 (both decreases respective to the same term prior year). Online course fees have decreased by \$3.346M 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 \$73K less than the prior year, and fee remissions have decreased \$2.322M from the prior year due to the enrollment decline and incomplete awarding. Altogether, this results in net tuition and fees for Period 10 (encompassing fall, winter, and spring terms) being \$5.377M less than the prior year.

Government resources & allocations have increased by \$2.266M from prior year based on the HECC's Public University Support Fund (PUSF) allocation formula. This is the first four quarters distribution for the 2021-23 biennium. This allocation includes \$115K for Benefits Navigator, as outlined in HB 2835, which began in FY22. Gift grants and contracts revenue has increased by \$165K from prior year, primarily reflecting increased grant indirect revenue. Other revenues have increased by \$32K from the prior year.

We have drawn all remaining institutional portion ARP (HEERF) funds of \$6.125M; however, a portion of these (estimated \$1.449M) 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 \$73.010M, \$3.211M more than the prior year. Without the influx of the \$6.125M of HEERF funds, overall revenues are down \$2.913M from the prior year, primarily because of decreased enrollment and a return to more in-person delivery.

#### Expenses:

Personnel expenses are \$167K 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 (T/TT faculty received a 0.5% COLA and step increase effective February 1, 2022; NTT faculty received a 3.5% COLA effective February 1, 2022; classified staff received a 3.1% COLA effective January 1, 2022, regular step increases (based on eligibility date), and pandemic recognition pay of up to \$1,500 on February 2022's paycheck; unclassified received a \$1,250 bonus December 31, 2021 and a 1% COLA effective January 1, 2022).

Services and supplies expenses are \$2.211M 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, as well as the strategic investments that have been made related to enrollment (contracts with EAB, RNL, Banner Financial Aid implementation costs, etc.). HEERF-related personnel and services and supplies activity show an increase of \$696K.

Overall, total expenses are \$52.966M, \$2.704M more than the prior year.

#### Net Revenues less Expenses:

Net revenues less expenses have increased by \$508K 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 \$4.233M, 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 \$3.345M from the prior

year, with approximately 800 students being in Housing. Other Revenue increased by \$540K, with a boost from Destination Western. Altogether, our auxiliary revenue totals \$16.071M and has increased \$8.117M from the prior year. As a point of reference, our auxiliary revenue from April 30, 2020 totaled \$17.746M. So, while our auxiliaries seem to have rebounded from the worst, we have still not yet fully recovered.

Expenses:

Personnel expenses are \$1.294M more than the prior year. Service & Supplies are \$2.573M 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 -\$116K and have increased by \$4.250M 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 comparable to prior year, with revenues down \$101K and expenses up \$436K, for a net difference from prior year of -\$537K.

### **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 ten months of operations and projections for the remaining two months of FY22. Projections for periods eleven through twelve are based on the actual FY21 realization/burn rates for period ten, which are applied to FY22 revenues and expenses.

Education & General Fund:

Revenues:

Total revenues are projected to be \$68.235M, \$1.756M more than the FY22 budget. Altogether, net student fees & tuition are projected to be \$654K more than the adjusted budget primarily due to fee remissions come in under budget (remissions were budgeted at \$5.5M but projected at \$5M, a savings of \$500K). Government resources and allocations projected reflect the four quarters of actual allocations received, including the new allocation this year of \$115K for Benefits Navigator, which was not included in the FY22 budgeted amount. Gifts, grants, and contracts are projected at \$1.146M, \$524K higher than the FY22 budget, primarily because of increased grant indirect activity. Other revenues are projected to be \$2.905M, \$305M more than the FY22 budgeted amount.

## Expenses:

Total expenses are projected to be \$66.563M, \$914K less than the FY22 budget. Personnel is projected to be \$56.465M, \$780K less than the budget due to salvage savings from vacant positions. The projected salary savings for the year has decreased from the last management report, as we are seeing a decrease in open positions. Previously, staff vacancies were ranging from 40-45 at any given time, and now are closer to 30. Additionally, the FY22 budget did not encompass any of the raises that were given (other than classified step increases at salary eligibility dates) as they were not yet known (T/TT faculty received a 0.5% COLA and step increase effective February 1, 2022; NTT faculty received a 3.5% COLA effective February 1, 2022; classified staff received a 3.1% COLA effective January 1, 2022, and pandemic recognition pay of up to \$1,500 on February 2022's paycheck; unclassified received a \$1,250 bonus December 31, 2021 and a 1% COLA effective January 1, 2022). The additional cost of higher pay throughout the year has been absorbed by salary savings.

Service and supplies are projected to come in on budget and continue to be the most challenging category to project with accuracy. Using FY21's burn rate (which was atypical due to COVID-19), service and supplies would be projected to be \$10.662M, \$640K over budget. Using FY19's burn rate of 70.59% (the last typical burn rate available), service and supplies would be projected to be \$9.618M, \$404K under budget. As such, projected service and supplies to be the budgeted amount of \$10.022M seems most prudent at this time.

Capital expenses is projected to be \$76K, \$133K under budget.

## 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 \$5.219M 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 (\$5.219M compared to the budgeted \$3M). However, there are also additional HEERF-related expenses (\$175K of personnel and \$1.024M of S&S). The HEERF-related revenues and expenses netted together total \$4.020M due to an additional \$543K of HEERF Strengthening Institutional Programs (SIP) funds received and reducing the planned amount of HEERF-support to Housing and Dining by

\$500K (from \$1.5M to \$1M) due to reduced need. Other one-time activities of \$600K include retirement incentive payments for five faculty, LAS start-up funds, Banner financial aid implementation costs, and other misc. activities.

Also included in the one-time projection is an additional \$850K investment in the quasi-endowment, as proposed in a separate action item.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$941K versus the FY22 budget of a loss of \$2.240M. Projected year-end fund balance is \$11.811M, or 15.77% of projected revenues (revenues including one-time HEERF revenues). Without the influx of the one-time \$4.020M of HEERF funds, our projected year end fund balance would be \$7.790M, or 10.61%.

#### 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. Enrollment fees are projected to be \$5.830M, \$344K 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 to be \$10.671M, \$954K more than budgeted. The increases are primarily from dining, including Café Allegro, which is doing better than anticipated and increased conference activity. Other revenue is projected using 75%, resulting in a projection of \$2.175M, \$561K more than budgeted, primarily because of Destination Western and increased lottery funds. This results in total revenues projected to be \$18.676M, \$1.171M more than the FY22 budget.

Expenses:

Total expenses are projected to be \$20.649M, \$1.300M more than the budget, correlated to the increase in auxiliary revenue from more on-campus activity. Personnel is projected to be \$9.716M, \$239K more than the adjusted budget. Service and supplies are projected assuming a 75% burn rate, resulting in 10.933M, \$1.062M more than the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$969K compared to the FY22 budget of a loss of \$726K. Adding in the projected HEERF reimbursement of \$1.449M results in projected year end fund balance of \$4.834M.

Designated Operations, Service Departments, Clearing Funds:

Revenues:

Total revenues are projected to be \$2.213M, \$61K less than the budget.

Expenses:

Total expenses are projected to be \$2.203M, \$126K less than the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$56K compared to the FY22 budget of a loss of \$56K. This results in projected year end fund balance of \$2.819M.

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 April 30, 2022.

**Western Oregon University**  
**P10 YTD Actual to Actual Variance**

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

**As of April 30, 2022**  
**For the Fiscal Year Ended June 30, 2022**

	P10 FY21 Actuals	P10 FY21 Realization/ Burn Rate %	P10 FY22 Actuals	P10 FY22 % of Budget	Variance		Note
					Actuals	%	
<b>Education &amp; General Fund</b>							
<b>Revenues</b>							
Tuition	36,885		32,606		(4,279)		Decreased enrollment.
Online Course Fees	6,924		3,577		(3,346)		Decrease in online courses.
Other Fees	1,101		1,028		(73)		
Less: Fee Remissions	(7,045)		(4,723)		2,322		
Net Student Fees & Tuition	37,865	98.14%	32,488	100.67%	(5,377)	2.53%	
Government Resources & Allocations	28,990	100.00%	31,257	100.88%	2,266	0.88%	HECC higher allocation.
Gift Grants and Contracts	663	72.22%	828	133.04%	165	60.82%	
Other Revenue	2,281	79.63%	2,313	88.98%	32	9.34%	
HEERF Reimbursements	-		6,125		6,125		
<b>Total Revenues</b>	<b>69,799</b>	<b>97.82%</b>	<b>73,010</b>	<b>109.83%</b>	<b>3,211</b>	<b>12.01%</b>	
<b>Expenses</b>							
Personnel	45,595	80.94%	45,428	79.36%	(167)	-1.58%	
Service & Supplies	4,579	60.84%	6,789	67.75%	2,211	6.91%	Spending trailed behind in FY21 due to pandemic.
Capital Expense	88	68.92%	53	25.06%	(36)	-43.86%	
HEERF-Related Personnel	-		175		175		
HEERF-Related S&S	-		521		521		
<b>Total Expenses</b>	<b>50,262</b>	<b>78.55%</b>	<b>52,966</b>	<b>78.49%</b>	<b>2,704</b>	<b>-0.06%</b>	
<b>Net Revenues less Expenses</b>	<b>19,537</b>		<b>20,044</b>		<b>508</b>		

**Western Oregon University**  
**P10 YTD Actual to Actual Variance**

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

**As of April 30, 2022**  
**For the Fiscal Year Ended June 30, 2022**

	P10 FY21 Actuals	P10 FY21 Realization/ Burn Rate %	P10 FY22 Actuals	P10 FY22 % of Budget	Variance		Note
					Actuals	%	
<b>Auxiliary Enterprises Funds</b>							
<b>Revenues</b>							
Enrollment Fees	1,407	96.74%	5,639	91.35%	4,233	-5.39%	Increase in on-campus courses & respective fees.
Sales and Services	5,456	82.47%	8,800	90.57%	3,345	8.10%	
Other Revenue	1,092	62.06%	1,632	101.07%	540	39.01%	
<b>Total Revenues</b>	<b>7,955</b>	<b>80.93%</b>	<b>16,071</b>	<b>91.81%</b>	<b>8,117</b>	<b>10.89%</b>	
<b>Expenses</b>							
Personnel	6,694	82.21%	7,988	84.28%	1,294	2.07%	
Service & Supplies	5,627	68.69%	8,200	83.07%	2,573	14.37%	
Capital Expense	-	0.00%	-	100.00%	-	100.00%	
<b>Total Expenses</b>	<b>12,321</b>	<b>75.29%</b>	<b>16,188</b>	<b>83.66%</b>	<b>3,867</b>	<b>8.38%</b>	
<b>Net Revenues less Expenses</b>	<b>(4,366)</b>		<b>(116)</b>		<b>4,250</b>		
<b>Designated Operations, Service Departments, Clearing Funds</b>							
<b>Revenues</b>							
Enrollment Fees	270	1099.12%	52	45.76%	(218)	-1053.36%	
Sales and Services	84	73.91%	105	82.67%	21	8.75%	
Other Revenue	1,371	71.01%	1,467	72.13%	96	1.12%	
<b>Total Revenues</b>	<b>1,725</b>	<b>83.37%</b>	<b>1,624</b>	<b>71.41%</b>	<b>(101)</b>	<b>-11.96%</b>	
<b>Expenses</b>							
Personnel	761	82.35%	714	70.07%	(47)	-12.28%	
Service & Supplies	700	88.38%	1,162	88.70%	462	0.32%	
Capital Expense	0	100.00%	21	100.00%	21	0.00%	
<b>Total Expenses</b>	<b>1,462</b>	<b>85.13%</b>	<b>1,897</b>	<b>81.46%</b>	<b>436</b>	<b>-3.67%</b>	
<b>Net Revenues less Expenses</b>	<b>263</b>		<b>(274)</b>		<b>(537)</b>		



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

As of April 30, 2022  
For the Fiscal Year Ended June 30, 2022

	<b>FY21 Year-End Actuals</b>	<b>FY22 Projected Year-End</b>	<b>FY22 Budget</b>	<b>Variance FY22 Projected Year-End to Budget</b>	<b>Note</b>
<b>Education &amp; General Fund</b>					
<b>Recurring Operating Activities</b>					
Student Fees & Tuition (net of remissions)	38,582	32,927	32,272	654	
Government Resources & Allocations	28,990	31,257	30,984	273	Projection reflects actuals received.
Gift Grants and Contracts	918	1,146	622	524	
Other Revenue	2,864	2,905	2,600	305	
<b>Total Revenues</b>	<b>71,355</b>	<b>68,235</b>	<b>66,478</b>	<b>1,756</b>	
Personnel	56,331	56,465	57,246	780	
Service & Supplies	7,526	10,022	10,022	-	
Capital Expense	128	76	210	133	
<b>Total Expenses</b>	<b>63,985</b>	<b>66,563</b>	<b>67,477</b>	<b>914</b>	
Net Transfers	3,229	3,301	3,317	16	Projection is based on transfer schedule.
<b>Total Expenses and Transfers</b>	<b>67,214</b>	<b>69,865</b>	<b>70,794</b>	<b>930</b>	
<b>Operating Net Revenues less Expenses</b>	<b>4,141</b>	<b>(1,630)</b>	<b>(4,316)</b>	<b>2,686</b>	
<b>One-Time Activities</b>					
HEERF Reimbursement	2,400	5,219	3,000	2,219	Received additional \$543K SIP HEERF award.
HEERF-Related Personnel	-	(175)	-	(175)	
HEERF-Related S&S	-	(1,024)	-	(1,024)	
Quasi Endowment	(850)	(850)	-	(850)	Projection based on proposed transfer.
Other	(1,061)	(600)	(924)	324	
<b>Total One-Time Activities</b>	<b>489</b>	<b>2,570</b>	<b>2,076</b>	<b>495</b>	
<b>Total Net Revenues less Expenses</b>	<b>4,630</b>	<b>941</b>	<b>(2,240)</b>	<b>3,181</b>	
<b>Fund Balance at the Beginning of the Year</b>	<b>6,240</b>	<b>10,870</b>	<b>10,870</b>		
<b>Fund Balance at the End of the Year</b>	<b>10,870</b>	<b>11,811</b>	<b>8,630</b>		
<b>Fund Balance as a Percentage of Revenues</b>	<b>15.13%</b>	<b>15.77%</b>	<b>12.98%</b>		

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

As of April 30, 2022  
**For the Fiscal Year Ended June 30, 2022**

	<b>FY21 Year-End Actuals</b>	<b>FY22 Projected Year-End</b>	<b>FY22 Budget</b>	<b>Variance FY22 Projected Year-End to Budget</b>	<b>Note</b>
<b>Auxiliary Enterprises Funds</b>					
Enrollment Fees	1,454	5,830	6,174	(344)	
Sales and Services	6,615	10,671	9,716	954	
Other Revenue	1,760	2,175	1,614	561	Assumes 75% realization.
<b>Total Revenues</b>	<b>9,829</b>	<b>18,676</b>	<b>17,504</b>	<b>1,171</b>	
Personnel	8,142	9,716	9,477	(239)	
Service & Supplies	8,192	10,933	9,872	(1,062)	Assumes 75% burn rate.
Capital Expense	32	-	-	-	
<b>Total Expenses</b>	<b>16,365</b>	<b>20,649</b>	<b>19,349</b>	<b>(1,300)</b>	
Net Transfers	(3,798)	(1,005)	(1,119)	(114)	Projection is based on transfer schedule.
<b>Total Expenses and Transfers</b>	<b>12,567</b>	<b>19,644</b>	<b>18,230</b>	<b>(1,415)</b>	
<b>Net Revenues less Expenses</b>	<b>(2,738)</b>	<b>(969)</b>	<b>(726)</b>	<b>(243)</b>	
<b>HEERF Funds</b>	1,700	1,449			
<b>Additions/Deductions to Fund Balance</b>	(2,178)	(1,985)			
<b>Fund Balance at the Beginning of the Year</b>	<b>9,556</b>	<b>6,339</b>			
<b>Fund Balance at the End of the Year</b>	<b>6,339</b>	<b>4,834</b>			
<b>Fund Balance as a Percentage of Revenues</b>	64.49%	25.88%			
<b>Designated Operations, Service Departments, Clearing Funds</b>					
Enrollment Fees	25	5	113	(108)	
Sales and Services	113	142	127	15	
Other Revenue	1,931	2,066	2,034	32	
<b>Total Revenues</b>	<b>2,069</b>	<b>2,213</b>	<b>2,274</b>	<b>(61)</b>	
Personnel	925	867	1,019	152	
Service & Supplies	792	1,315	1,310	(5)	
Capital Expense	-	21	-	(21)	
<b>Total Expenses</b>	<b>1,717</b>	<b>2,203</b>	<b>2,329</b>	<b>126</b>	
Net Transfers	(56)	(46)	1	47	Projection is based on transfer schedule.
<b>Total Expenses and Transfers</b>	<b>1,661</b>	<b>2,157</b>	<b>2,330</b>	<b>173</b>	
<b>Net Revenues less Expenses</b>	<b>407</b>	<b>56</b>	<b>(56)</b>	<b>463</b>	
<b>Additions/Deductions to Fund Balance</b>	(342)	(284)			
<b>Fund Balance at the Beginning of the Year</b>	<b>2,982</b>	<b>3,047</b>			
<b>Fund Balance at the End of the Year</b>	<b>3,047</b>	<b>2,819</b>			
<b>Fund Balance as a Percentage of Revenues</b>	147.29%	127.38%			

**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
<b>Transfers In E&amp;G</b>											(a)	
<b>Actual</b>												-
<b>Upcoming</b>											8,893	8,893
<b>Transfers Out E&amp;G</b>					(a)	(b)	(c)	(d)		(e)	(a)	
<b>Actual</b>								448,767			1,479	450,246
<b>Upcoming</b>	100,000	150,000	2,979,025	1,000,000	100,000	150,000	2,979,025	1,000,000	175,000	4,804	4,408,829	
<b>Transfers In AUX</b>	(a)	(b)	(c)	(d)								
<b>Actual</b>	-			448,767								448,767
<b>Upcoming</b>	100,000	150,000	2,979,025	1,000,000								4,229,025
<b>Transfers Out AUX</b>										(f)	(g)	
<b>Actual</b>										76,852	47,404	124,256
<b>Upcoming</b>										174,069	1,925,973	2,100,042
<b>Transfers In DO, SD</b>											(h)	
<b>Actual</b>											46,825	46,825
<b>Upcoming</b>												-
<b>Transfers Out DO, SD</b>											(h)	
<b>Actual</b>											-	-
<b>Upcoming</b>											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