

Finance & Administration Committee (FAC), April 2, 2020 Management Report

Period 8 Actual to Actual and Percent Variance Education & General Fund Report:

This report provides eight months of actual revenue and expense activity (as of February 29, 2020) as compared to the same period in prior fiscal year.

Revenues:

Gross student fees & tuition are \$2.429M less than the prior year due to an approximate 5% decrease in fall and 6% decrease in winter term enrollment. Fee remissions have increased by \$1.163M from the prior year due to more aggressive financial aid packaging. Total institutional discount is 15% of tuition & fees, which is in line with other Oregon institutions. Government resources & allocations have increased by \$2.362M from prior year based on the HECC's Public University Support Fund (PUSF) allocation formula. This is reflective of the addition of \$100M to the PUSF for all seven universities rather than the \$120M, which would have met the current service level need and resulted in an additional \$1.4M in state funding to WOU.

Expenses:

Personnel expenses are \$2.847M more than the prior period. The eight months personnel expense includes the second and final retirement window program payment of \$783K.

Services and supplies expenses are \$180K less than the prior period.

Net Revenues less Expenses:

Net revenues less expenses have decreased by \$3.762M compared to prior year.

FY20 Projection Scenarios for Education and General Fund Report:

To address the financial implications of COVID-19, this report includes three scenarios. The first scenario is based on the typical methodology.

Scenario 1:

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 FY20. Projections for periods nine through twelve are based on the actual FY19 realization/burn rates for period eight, which are applied to FY20 revenues and expenses.

Revenues:

Total revenues are projected to be \$67.423M, \$1.967M less than the FY20 adjusted budget. Tuition is projected to be \$1.908M less than the adjusted budget, due to a continued decline in enrollment and \$1M increase in fee remissions.

Expenses:

Total expenses are projected to be \$69.858M, \$2.875M more than the FY20 adjusted budget. Personnel is projected to be \$62.617M, \$3.377M more than the adjusted budget. This projection is not reflective of budget reductions that are underway; to date, two staff positions have been eliminated. Service and supplies are projected to be \$7.239M, \$401K less than the adjusted budget.

Operating Net Revenues less Expenses:

Net revenues less expenses are projected to be a loss of \$5.740M versus the FY20 adjusted budget of \$1.311M.

Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out. Salem remodel expenses originally included \$800K of E&G funds, but have been reallocated to Capital Improvement & Renewal (CIR) funds, which is reflected in the transfer schedule.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$9.309M versus the FY20 adjusted budget of \$5.639M. This is primarily due to the decrease in tuition revenue and increase in personnel expense. Projected year end fund balance is \$3.647M, or 5.41% of projected revenues.

Scenarios 2 and 3 are addressing potential financial impacts of COVID-19 and vary in the amount of tuition revenues anticipated to be collected as a result of delivering classes remotely for spring term.

Scenario 2:

The second projection is a 'worst-case' scenario view. In FY19, 20% of spring term tuition revenues were attributable to online courses; this scenario projects student fees & tuition revenues to include only 20% of predicted spring term tuition and holds all other revenues and expenses equivalent to our base projection scenario. Student fees & tuition are projected to be \$26.517M, \$10.302M less than the adjusted budget. Total net revenues less expenses are \$(16.703M), and fund balance is \$(3.747M).

Scenario 3:

The third projection incorporates suggestions to mitigate the large deficit and presumes some transition from face-to-face to remote delivered courses in addition to traditional online courses. Student fees & tuition are projected to be \$29M. Other revenues and expenses are held to the base projection. Other activities includes \$1M being replenished from the quasi-endowment, \$2.698M used to purchase the Salem building being replenished by drawing on the line of credit, and reducing transfers out by \$88K for conference services. This results in total net revenues less expenses of (\$10.434M) and a fund balance of \$2.522M or 4.10%. A 5% fund balance would be \$3.076M, or \$553K more.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY20 Projected Year-End Report and the overall Management Report as of February 29, 2020.

Western Oregon University
P8 YTD Actual to Actual Variance
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of February 29, 2020
For the Fiscal Year Ended June 30, 2020

	P8 YTD FY19 Actuals	P8 YTD FY20 Actuals	Variance	Note
Education & General Fund				
Revenues				
Student Fees & Tuition	31,252	28,823	(2,429)	Lower enrollment
Less: Fee Remissions	(3,241)	(4,404)	(1,163)	Increase in fee remissions
Net Student Fees & Tuition	28,011	24,419	(3,592)	
Government Resources & Allocations	21,258	23,620	2,362	HECC higher allocation
Gift Grants and Contracts	495	467	(28)	
Other Revenue	2,558	2,552	(6)	
Total Revenues	52,322	51,058	(1,264)	
Expenses				
Personnel	37,169	40,016	2,847	Salary rate & retirement contribution increases
Service & Supplies	4,306	4,126	(180)	
Capital Expense	216	49	(168)	
Total Expenses	41,692	44,191	2,499	
Net Revenues less Expenses	10,630	6,867	(3,762)	

Western Oregon University
P8 YTD Actual to Actual Variance
(Unaudited, non-GAAP, for management purposes only)
(in thousands)

As of February 29, 2020
For the Fiscal Year Ended June 30, 2020

	P8 YTD FY19	P8 YTD FY20	Variance	Note
	Actuals	Actuals		
Auxiliary Enterprises Funds				
Revenues				
Enrollment Fees	4,902	4,486	(416)	
Sales and Services	8,878	8,798	(80)	
Other Revenue	997	910	(87)	
Total Revenues	14,777	14,194	(583)	
Expenses				
Personnel	7,285	7,665	380	
Service & Supplies	8,099	8,475	376	
Capital Expense	105	0	(105)	
Total Expenses	15,489	16,140	651	
Net Revenues less Expenses	(711)	(1,945)	(1,234)	
Designated Operations, Service Departments, Clearing Funds				
Revenues				
Enrollment Fees	465	452	(13)	
Sales and Services	172	112	(60)	
Other Revenue	1,503	1,432	(70)	
Total Revenues	2,140	1,996	(144)	
Expenses				
Personnel	813	721	(92)	
Service & Supplies	728	786	58	
Capital Expense	32	107	75	
Total Expenses	1,573	1,615	41	
Net Revenues less Expenses	567	381	(185)	

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

As of February 29, 2020
For the Fiscal Year Ended June 30, 2020

	P8 FY19 Realization/ Burn Rate %	P8 FY20 % of Adjusted 2020 Budget	Variance
Education & General Fund			
Revenues			
Student Fees & Tuition (net of remissions)	70.37%	66.32%	-4.05%
Government Resources & Allocations	83.86%	85.85%	1.99%
Gift Grants and Contracts	58.36%	54.91%	-3.44%
Other Revenue	60.77%	60.64%	-0.13%
Total Revenues	74.52%	73.58%	-0.94%
Expenses			
Personnel	63.38%	67.55%	4.17%
Service & Supplies	56.99%	54.00%	-2.99%
Capital Expense	47.71%	24.01%	-23.70%
Total Expenses	62.55%	65.87%	3.33%

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

As of February 29, 2020
For the Fiscal Year Ended June 30, 2020

	P8 FY19 Realization/ Burn Rate %	P8 FY20 % of Adjusted 2020 Budget	Variance
Auxiliary Enterprises Funds			
Revenues			
Enrollment Fees	68.80%	63.79%	-5.01%
Sales and Services	61.91%	61.36%	-0.55%
Other Revenue	51.85%	52.61%	0.76%
Total Revenues	63.18%	61.45%	-1.74%
Expenses			
Personnel	64.04%	63.39%	-0.65%
Service & Supplies	63.71%	62.79%	-0.92%
Capital Expense	1615.23%	100.00%	-1515.23%
Total Expenses	64.29%	63.08%	-1.21%
Designated Operations, Service Departments, Clearing Funds			
Revenues			
Enrollment Fees	433.85%	399.68%	-34.17%
Sales and Services	59.74%	0.00%	-59.74%
Other Revenue	64.29%	26.14%	-38.15%
Total Revenues	78.31%	0.48%	-77.83%
Expenses			
Personnel	71.05%	71.36%	0.31%
Service & Supplies	60.96%	59.88%	-1.08%
Capital Expense	100.00%	100.00%	0.00%
Total Expenses	66.36%	69.50%	3.15%

Western Oregon University
 FY20 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of February 29, 2020
 For the Fiscal Year Ended June 30, 2020

	<u>FY19 Year-End Actuals</u>	<u>FY20 Year-End Projected</u>	<u>FY20 Adjusted Budget</u>	<u>Variance FY20 Projected Year-End to Adjusted Budget</u>	<u>Note</u>
Education & General Fund					
Recurring Operating Activities					
Student Fees & Tuition (net of remissions)	39,804	34,911	36,820	(1,908)	Lower enrollment/higher fee remissions. Projection is based on amount provided by HECC.
Government Resources & Allocations	25,348	27,512	27,512	-	
Gift Grants and Contracts	848	800	850	(50)	
Other Revenue	4,209	4,200	4,209	(9)	
Total Revenues	<u>70,209</u>	<u>67,423</u>	<u>69,391</u>	<u>(1,967)</u>	
Personnel	58,647	62,617	59,240	(3,377)	Projection is based on transfer schedule. Projection is based on transfer schedule.
Service & Supplies	7,556	7,239	7,640	401	
Capital Expense	454	102	203	101	
Total Expenses	<u>66,656</u>	<u>69,958</u>	<u>67,083</u>	<u>(2,875)</u>	
Interfund Transfers In	(12,350)	(478)	(841)	(363)	
Interfund Transfers Out	16,971	3,683	4,460	777	
Total Expenses and Transfers	<u>71,278</u>	<u>73,163</u>	<u>70,702</u>	<u>(2,462)</u>	
Operating Net Revenues less Expenses	(1,069)	(5,740)	(1,311)	4,429	
Other Activities					
Investment in Salem Building	-	(2,698)	(3,500)	(802)	
Retirement Window Payment	(905)	(783)	(783)	0	
Other	(213)	(88)	(45)	43	
Total Other Activities	<u>(1,118)</u>	<u>(3,569)</u>	<u>(4,328)</u>	<u>(759)</u>	
Total Net Revenues less Expenses	(2,187)	(9,309)	(5,639)	3,670	
Fund Balance at the Beginning of the Year	<u>15,143</u>	<u>12,956</u>	<u>12,956</u>		
Fund Balance at the End of the Year	<u>12,956</u>	<u>3,647</u>	<u>7,317</u>		
Fund Balance as a Percentage of Revenues	18.45%	5.41%	10.54%		

Western Oregon University
 FY20 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of February 29, 2020
 For the Fiscal Year Ended June 30, 2020

	FY19 Year-End Actuals	FY20 Year-End Projected	FY20 Adjusted Budget	Variance FY20 Projected Year-End to Adjusted Budget	Note
Auxiliary Enterprises Funds					
Enrollment Fees	7,125	6,520	7,032	(512)	
Sales and Services	14,341	14,212	14,339	(127)	
Other Revenue	1,923	1,755	1,730	25	
Total Revenues	<u>23,389</u>	<u>22,488</u>	<u>23,101</u>	<u>(613)</u>	
Personnel	11,374	11,967	12,090	123	
Service & Supplies	12,712	13,303	13,497	194	
Capital Expense	7	0	0	0	
Total Expenses	<u>24,093</u>	<u>25,270</u>	<u>25,588</u>	<u>317</u>	
Interfund Transfers In	(12,736)	(3,797)	(10,706)	(6,908)	Projection is based on transfer schedule.
Interfund Transfers Out	9,850	318	8,691	8,372	Projection is based on transfer schedule.
Total Expenses and Transfers	<u>21,207</u>	<u>21,791</u>	<u>23,572</u>	<u>1,781</u>	
Net Revenues less Expenses	2,182	696	(472)	1,168	
Additions/Deductions to Fund Balance	(2,487)	(2,433)			
Fund Balance at the Beginning of the Year	<u>12,851</u>	<u>12,546</u>			
Fund Balance at the End of the Year	<u>12,546</u>	<u>10,809</u>			
Fund Balance as a Percentage of Revenues	53.64%	48.07%			
Designated Operations, Service Departments, Clearing Funds					
Enrollment Fees	107	104	113	(9)	
Sales and Services	288	187	174	13	
Other Revenue	2,337	2,228	2,046	181	
Total Revenues	<u>2,732</u>	<u>2,519</u>	<u>2,333</u>	<u>186</u>	
Personnel	1,144	1,015	1,011	(4)	
Service & Supplies	1,194	1,289	1,312	23	
Capital Expense	32	107	0	(107)	
Total Expenses	<u>2,371</u>	<u>2,412</u>	<u>2,323</u>	<u>(89)</u>	
Interfund Transfers In	(343)	(304)	0	304	Projection is based on transfer schedule.
Interfund Transfers Out	299	104	1	(103)	Projection is based on transfer schedule.
Total Expenses and Transfers	<u>2,327</u>	<u>2,211</u>	<u>2,324</u>	<u>113</u>	
Net Revenues less Expenses	405	308	9	298	
Additions/Deductions to Fund Balance	(420)	(356)			
Fund Balance at the Beginning of the Year	<u>2,965</u>	<u>2,951</u>			
Fund Balance at the End of the Year	<u>2,951</u>	<u>2,903</u>			
Fund Balance as a Percentage of Revenues	108.01%	115.27%			

Western Oregon University

FY20 Projection Scenarios

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

(in thousands)

	FY20	Projection 1	Variance	Projection 2	Variance	Projection 3	Variance
	Adjusted Budget	(Standard)	To Budget	(Spring Online Only)	To Budget	(In between, Line of Credit)	To Budget
Education & General Fund							
Recurring Operating Activities							
Student Fees & Tuition (net of remissions)	36,820	34,911	(1,908)	26,517	(10,302)	29,000	(7,820)
Government Resources & Allocations	27,512	27,512	0	27,512	0	27,512	0
Gift Grants and Contracts	850	800	(50)	800	(50)	800	(50)
Other Revenue	4,209	4,200	(9)	4,200	(9)	4,200	(9)
Total Revenues	69,391	67,423	(1,967)	59,029	(10,361)	61,512	(7,879)
Personnel	59,240	62,617	(3,377)	62,617	(3,377)	62,617	(3,377)
Service & Supplies	7,640	7,239	401	6,239	1,401	6,239	1,401
Capital Expense	203	102	101	102	101	102	101
Total Expenses	67,083	69,958	(2,875)	68,958	(1,875)	68,958	(1,875)
Interfund Transfers In	(841)	(478)	(363)	(478)	(363)	(478)	(363)
Interfund Transfers Out	4,460	3,683	777	3,683	777	3,683	777
Total Expenses and Transfers	70,702	73,163	(2,462)	72,163	(1,462)	72,163	(1,462)
Operating Net Revenues less Expenses	(1,311)	(5,740)	4,429	(13,134)	11,823	(10,651)	9,340
Other Activities							
Quasi-Endowment	0	0	0	0	0	1,000	(1,000)
Investment in Salem Building	(3,500)	(2,698)	(802)	(2,698)	(802)	0	(3,500)
Retirement Window Payment	(783)	(783)	0	(783)	0	(783)	0
Other	(45)	(88)	43	(88)	43	(88)	43
Total Other Activities	(4,328)	(3,569)	(759)	(3,569)	(759)	129	(4,457)
Total Net Revenues less Expenses	(5,639)	(9,309)	3,670	(16,703)	11,064	(10,522)	4,883
Fund Balance at the Beginning of the Year	12,956	12,956		12,956		12,956	
Fund Balance at the End of the Year	7,317	3,647		(3,747)		2,434	
Fund Balance as a Percentage of Revenues	10.54%	5.41%		-6.35%		3.96%	

Western Oregon University

Transfers Schedule - Projected

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

	E&G					Auxiliary					Des Ops - Serv Dept.		Plant fund		Other		Total	
	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)	(a)	(d)	(d)	(e)				
Transfers In E&G																		
Actual	265,613	42,677	7,693			2,638	90,000						60,000					468,621
Upcoming														8,893				8,893
Transfers Out E&G																		
Actual				1,170	53,777								141,940	2,698,042				2,894,930
Upcoming	150,000	3,298,158	87,863										33,060	-	4,804			3,573,885
Transfers In AUX	(b)	(f)	(g)	(c)	(h)													
Actual				1,170	53,777						(k)		(l)					261,370
Upcoming	150,000	3,298,158	87,863								3,336		203,087					3,536,021
Transfers Out AUX	(a)	(b)																
Actual	265,613	42,677									(m)							318,290
Upcoming											10,000							-
Transfers In DO, SD																		
Actual						(m)							(l)			(c)		304,440
Upcoming						10,000							288,000			6,440		-
Transfers Out DO, SD	(a)	(c)	(d)															
Actual	2,638	7,693	90,000			(k)												103,667
Upcoming						3,336												-

Type	Description
(a)	Return of FY19 'loans' to cover cash deficits in Athletics, Conference Services, Sundry & Rainbow Dance
(b)	Child Development Center support
(c)	Misc. transfers
(d)	Private scholarship interest earnings and Pepsi contract funds to offset fee remissions
(e)	Endowment matches
(f)	Athletic operations support
(g)	Conference Services support
(h)	Werner University Center Pacific Room remodel support
(i)	Small-Scale Energy Loan Program debt service
(j)	Purchase & remodel of Vick Building in Salem
(k)	Close out old library service index
(l)	Building & equipment replacement reserves for Housing, Dining, Parking, Health & Wellness Center, Telecommunications, and the Werner University Center
(m)	Vending income sponsored scholarships