



Eastern Oregon University

Board of Trustees-Finance and Administration Committee

May 3, 2017

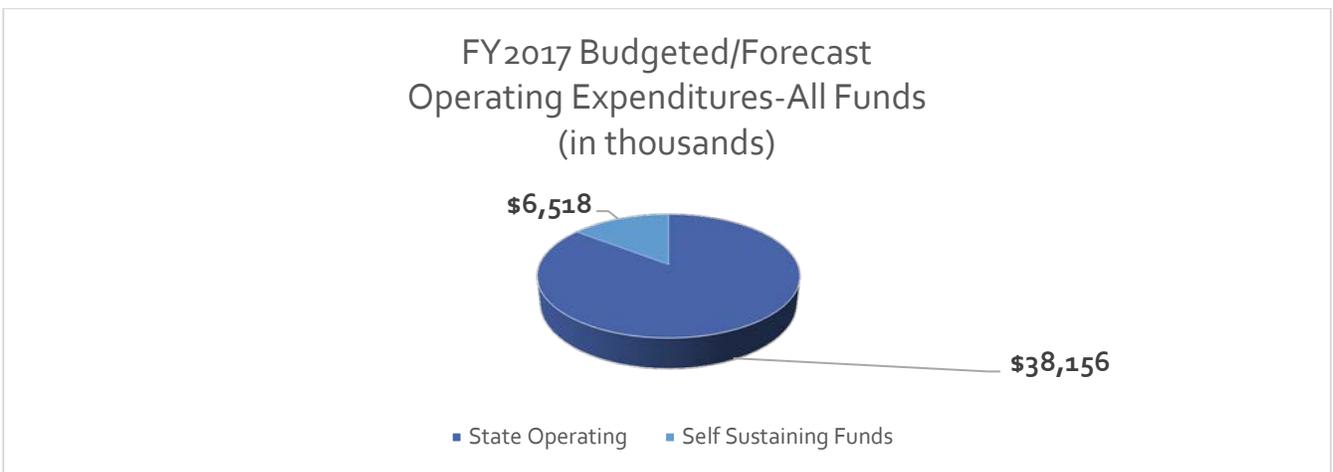
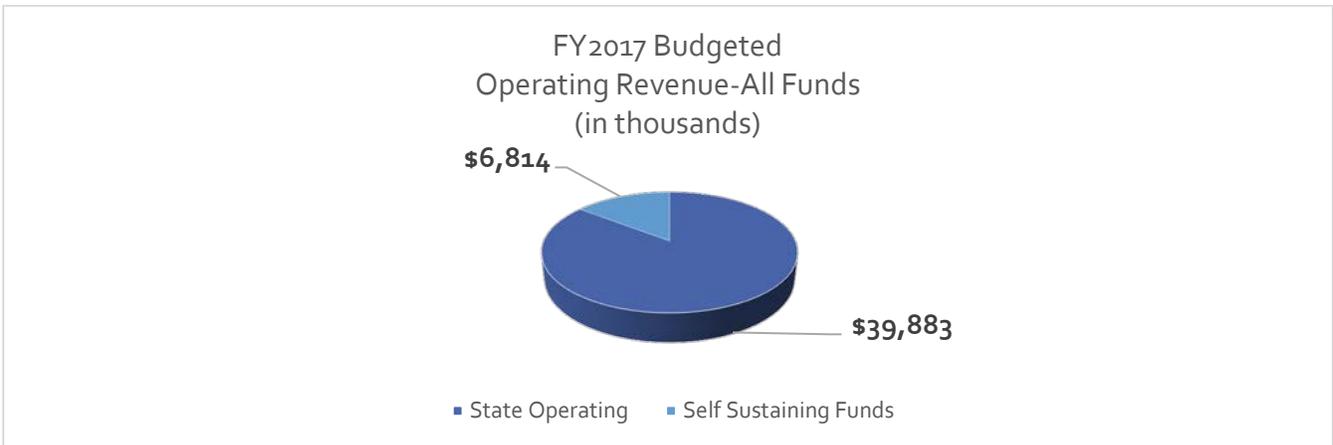
This report is prepared for internal management review and planning purposes. The quarterly management report summarizes all operating resources and expenses at EOU by major fund type. Fund types include: Education and General (E&G), Auxiliary Enterprise Funds, Designated Operations and Service Funds, all of which are defined herein.

Creating and maintaining institutional financial success is a collaborative effort. Eastern’s president, students, board of trustees, faculty and staff, senior management, and the community have all helped shape EOU’s values, mission, and vision, and the successful future of our university is underpinned by disciplined management and execution of our budgets. Financial stewardship and accountability ensure that Eastern maximizes opportunities and continues to foster a university of excellence.

This report provides an overview of expense and revenue budgets to actuals based on the current budget loaded into the banner FIS system. The overall all funds operating budget was approved by the EOU Board of Trustees on November 19, 2016.

All reports within this document contain FY 2017 budgets for revenue, expenses and transfers as well as a quarterly review of actuals to FY2016 actuals.

The EOU all-funds operating revenue budget is \$46.9M, excluding grants and capital construction funds. The all-funds expenditure budget is \$44.8M including transfers. As of March, the total net change projected for year end 2017 has been revised from \$449K to \$2.0M, due to the savings in expenditures from E&G mentioned below.

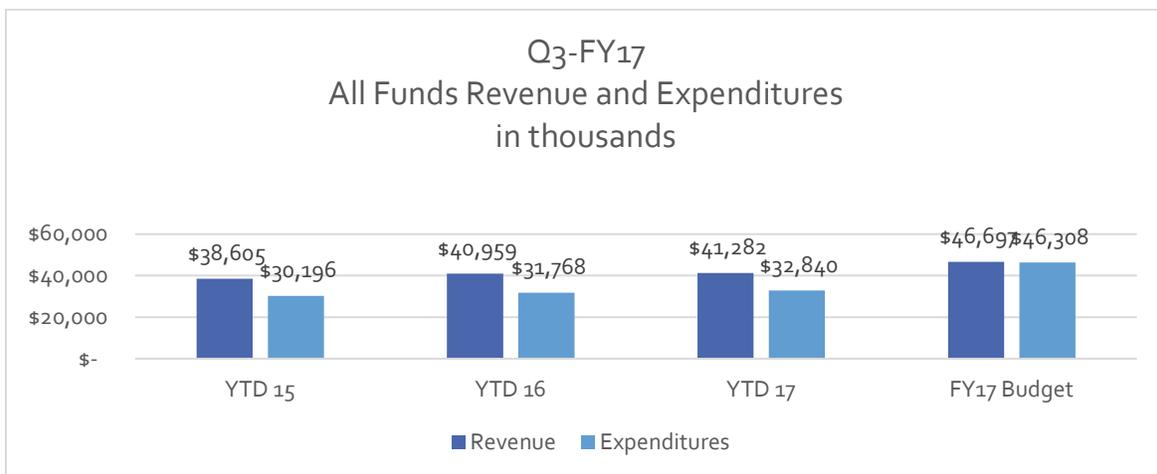
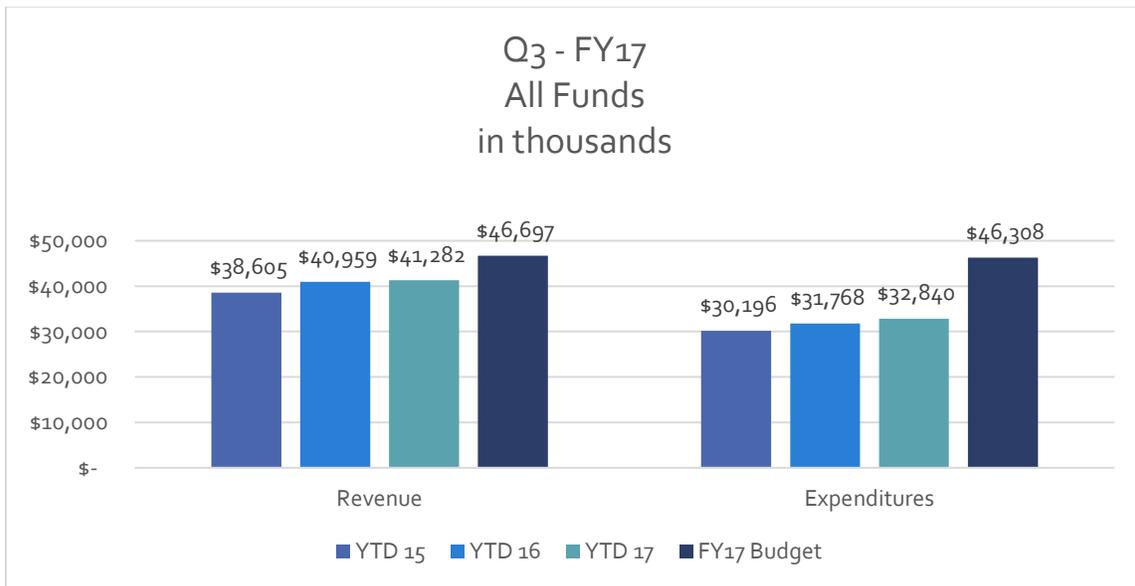


Q3 SUMMARY

At the end of Q3, the revenue for this year are tracking as budgeted. Revenue is up \$483K over prior year. Although expenditures have increased \$1.4M over the prior year, the actual spend in the E&G funds is down due to delayed hiring and vacancy savings. Q3 revenue includes accrued tuition and fees for spring term registered students and fee remissions, however it does not include winter term revenues for Housing, which is an Auxiliary. The revenue for winter and spring term in housing will be included in Q4. The overall fund balance increase for FY17 for all funds has been revised from \$449K to 2.0M.

At the close of Q3, EOU had received \$41.2M in revenue (88.4%) and had expenditures of \$32.8M – all funds. EOU's increase in overall cash has also increased the Investment Earnings Distributions (IED). The net investment earnings were \$91,886 in Q3 and the annualized earnings distribution rate is 1.91%. The actual expenditures for all funds to date represent approximately 73.5% of the total budget for FY17.

In Q3, there were some expenditure and revenue budget adjustments between funds that were necessary to accurately show costs and revenue of Wrestling Allocations and Athletic Post Season travel.



As of March 31st
 Q3 All Operating Funds Summary
 Summary All Funds
 FY17 Quarterly Management Report - Q3
 (in thousands)

	FY 2017						Note:
	Adjusted/ Forecast Budget	2016 YTD Actuals	2017 YTD Actuals	\$ change YTD Prior Year	% Change		
Revenue							
Student Fees	\$ 20,388	\$ 19,621	\$ 19,944	\$ 323	2%		
State/Government Appropriations	\$ 21,144	\$ 17,081	\$ 17,667	\$ 586	3%	1	
Gifts Grants and Contracts	\$ 269	\$ 244	\$ 305	\$ 61	25%	2	
Interest Income	\$ 238	\$ 213	\$ 285	\$ 72	34%	3	
Sales and Service	\$ 4,361	\$ 3,323	\$ 2,492	\$ (831)	-25%	4	
Other Revenue	\$ 159	\$ 186	\$ 452	\$ 266	143%	5	
Internal Sales	\$ 138	\$ 133	\$ 139	\$ 6	0%		
Total Revenue	\$ 46,697	\$ 40,801	\$ 41,284	\$ 483	1.18%		
Expenses							
Wages/OPE	\$ 31,027	\$ 21,849	\$ 22,544	\$ 695	3%	6	
Services and supplies	\$ 12,676	\$ 8,491	\$ 9,508	\$ 1,017	12%	7	
Capital Outlay	\$ 604	\$ 377	\$ 372	\$ (5)	-1%		
Student Aid	\$ 527	\$ 535	\$ 334	\$ (201)	-38%	8	
Merchandise Resale	\$ 6	\$ 14	\$ 13	\$ (1)	-7%		
Internal Sales	\$ (696)	\$ (501)	\$ (519)	\$ (18)	4%		
Depreciation	\$ 623	\$ 587	\$ 586	\$ (1)	0%		
Total Expenses	\$ 44,767	\$ 31,352	\$ 32,838	\$ 1,486	5%		
NET Transfers	\$ (92)	\$ 301	\$ 1			9	
Increase (Decrease) Operating	\$ 2,022	\$ 9,148	\$ 8,445				

NOTES: Variance in Actuals

- (1) Increase for SEIU Compensation and Wrestling one time funds (E&G, Auxiliary)
- (2) Increase in Private Gifts for Athletics (Designated Operations)
- (3) Increase in Cash resulted in an increase in interest earnings distributions (E&G)
- (4) Timing of Housing/Dining Winter Term revenue distribution (Auxiliary)
- (5) NAIA funding received in Q3 to offset Football Post Season expenditures (Auxiliary, E&G)
- (6) Increases in Faculty and classified salaries, and new hires (E&G)
- (7) Increase for Athletic Post Season Travel, timing of IT and Facility Projects (E&G)
- (8) Residence Life did not offer room and board remissions in 2016-17 (Auxiliary)
- (9) Wrestling one time state allocation recorded as revenue in the Auxiliary Fund and a transfer in to E&G (E&G, Auxiliary)

EDUCATION AND GENERAL (E&G)

The Education and General revenue budget consist of state appropriations, tuition and student fees, internal sales and miscellaneous fees. The expense budget supports activities and services that are intrinsic to the university, including instruction, research, student services, libraries, administration, and maintenance of the campus physical plant.

The 2016-17 EOU E&G Initial Operating Budget portrayed a reasonable and balanced budget, given the moderate tuition increases, enrollment realities and state allocations. The budget addresses needs associated with increased (over projections) on-campus enrollment and efforts to increase overall university enrollment.

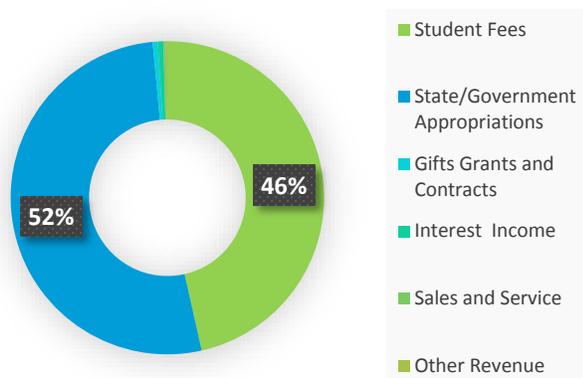
The E&G revenue budget \$39.8M includes state allocations from Student Success and Completion Model, Energy Loan Payments and SEIU Compensation subsidies. In addition to the revenue received as part of the state allocation, EOU retains any tuition and fees generated by students, as well as receives revenue through indirect cost recoveries from grants and contracts, interest and other revenue (primarily fee based).

The E&G revised expense budget/forecast \$38.2M is comprised of salaries and other payroll expenses (ope), services and supplies and net transfers. EOU's largest category of expense is personnel, consisting of approximately 75% of the overall E&G budget. Direct expenses, or service and supplies, include utility and physical plant costs, general office supplies, professional services contracts, as well as services payments for support provided by University Shared Services Enterprise (USSE). The forecast has been revised to reflect position vacancy savings.

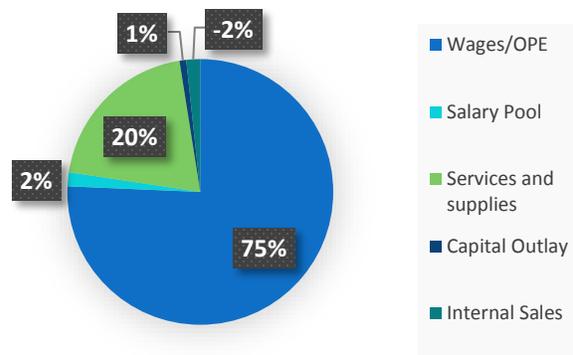
The 2017 E&G operating budget initially included \$696,000 in budget as a salary pool line for wage increases associated with the SEIU and AAP collective bargaining agreements. The budget has been reallocated to the appropriate salary categories.

As of March, EOU forecasts to end the year with a \$1.7M increase in the E&G fund balance. This increase would result in an ending fund balance of \$6.3M, which is 15.8% of the projected FY17 revenue. This level of fund balance falls slightly above the guidelines of the fund balance policy, and per the policy (.130) the President and VPFA will discuss the contributing factors and future plans at the May 3, 2017 BOT Finance and Administration Committee meeting.

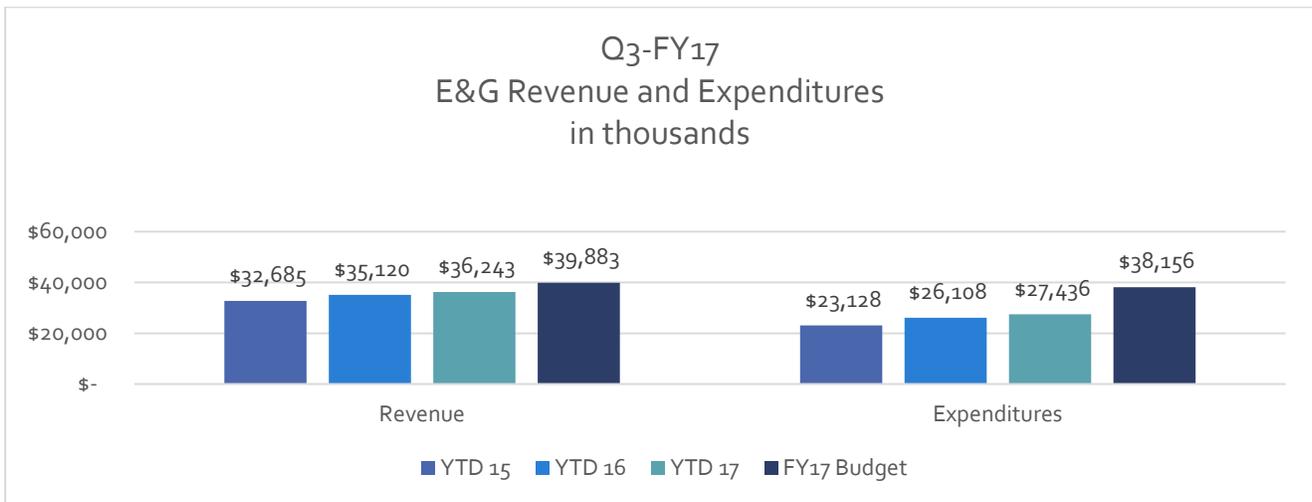
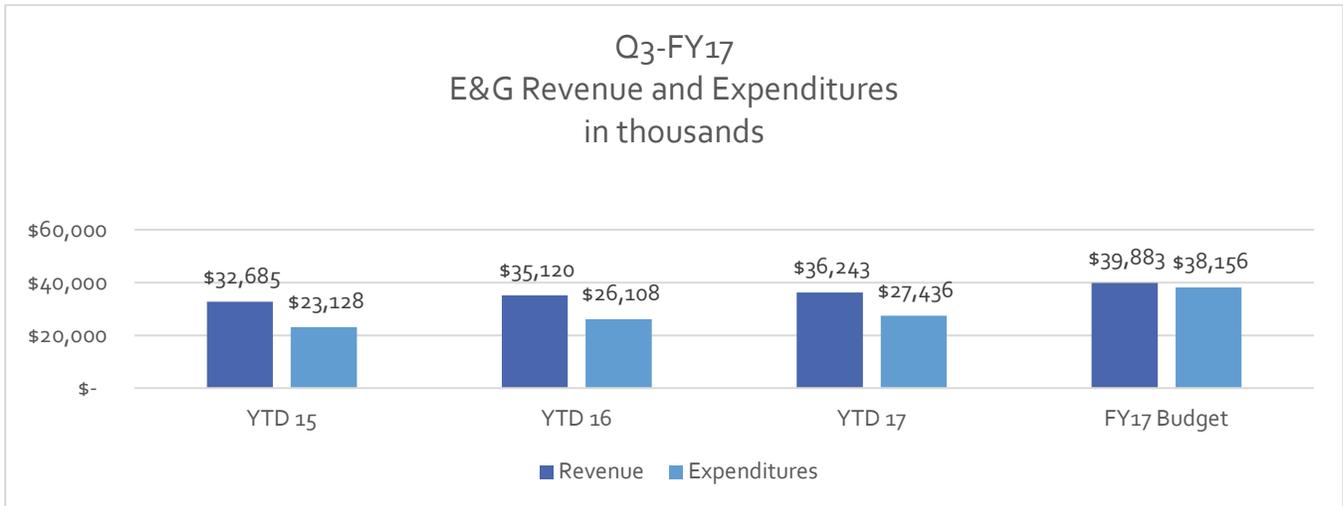
Education and General FY17 Revenue Budget
(in thousands)



Education and General
FY17 Expense Budget
in thousands



- All other categories of revenue represent 1.5% of the overall E&G revenue budget.



Year to Date Variances over FY2016:

As of the close of Q3, E&G revenue is trending ahead of last year by 3.2%, \$1.1M. The estimated percent of budgeted revenue received at the end of Q3 is 91%. Remaining revenue for FY17 will come from state allocations \$3.3M, partner settle up (MODA and OSU) and a small portion from summer session tuition. Total FY17 expenditures are up 6% over FY16, labor categories are up 4%, service and supplies have increased 15% and capital outlay increased 28%. The service and supplies category includes travel, which was heavily impacted by the post season travel of the EOU Football team. Other increases in services and supplies are related to IT (software contracts) and Facilities projects. As of March 31st, EOU has utilized approximately 73% of the total operating expenditure budget. Additional details regarding revenue and expenditures are available in the Monthly Financial reports, which are reviewed by the President and the VPFA.

AUXILIARY ENTERPRISES

Auxiliary Services include services that are essential to the support of the university's academic programs. Auxiliary units are designed and expected to generate sufficient revenue to cover all costs of operating and capital need, and are not supported by State allocation/funding. Departments such as Housing and Dining, Family Housing, Student Health Center, Parking Services, Athletics and the Incidental Student Services Fee are considered Auxiliaries at EOU. Ideally, all auxiliary enterprise units are required to pay an administrative overhead fee to the campus for the support central services offered. Currently, these rates are not charged consistently over the units and we will be revisiting our policies and practices in this regard over the course of this year.

Housing and Dining Services provide services and support for our students living on campus. Eastern Oregon University has a mandatory live on policy for all new freshman. Targeted occupancy for fall 2016 was 371, with a 10 % annual attrition. Fall certified occupancy was 380, including Resident Assistants and EOCENE Courts. Winter Certified occupancy will be available in January.

Dining Services is a contracted service operated by Sodexo. Sodexo operates all food services operations on the campus, including summer camp service. The contract is based on a per meal charge, which varies by plan type.

Family Housing/EOCENE Courts generated \$50,689 in revenue in FY16 and has traditionally provided living accommodations for EOU families. Beginning fall 2016, the Housing Department began the process of converting the family housing into single occupancy rooms for upper classmen housing. Seven single rooms were occupied at the beginning of fall 2016. The current plan calls for renovation of another building by fall 2017, which will provide an additional 8 single rooms.

Athletics Fund is also considered an auxiliary enterprise and receives funding from student fees, fund raising and self-support operations. However, at EOU, Athletic personnel expenses (\$1.5M), a portion of post season travel (\$100K) and some sport operational costs (\$276K) are funded through the E&G budget.

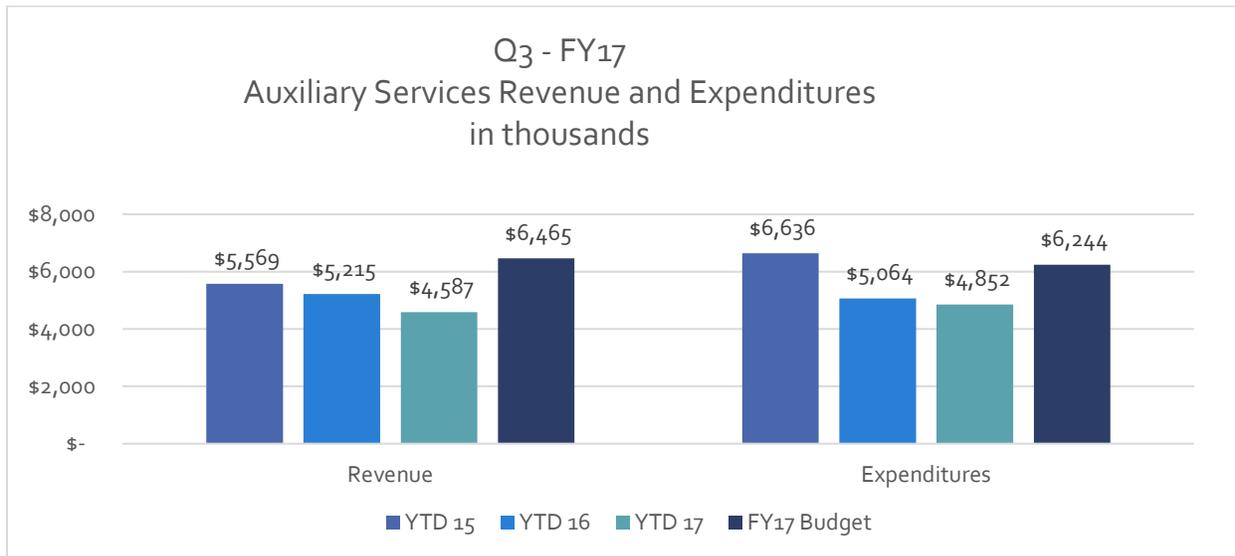
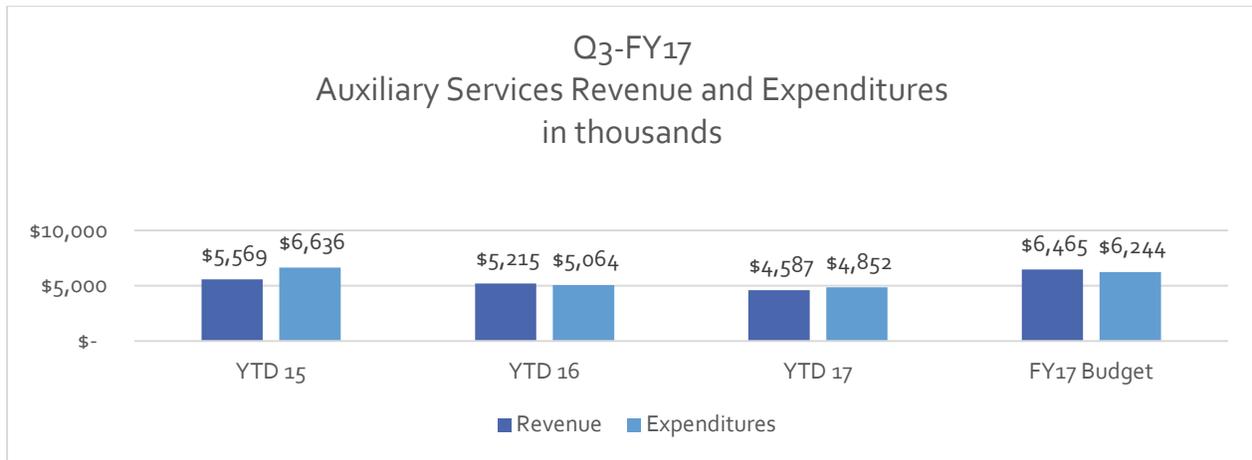
Student Health Center Operations is a contracted service with Oregon Health Sciences University. OHSU provides health service for all EOU students enrolled in a total of at least 6 credits and one or more of these credits is an "On-Campus" course, and to all students living on campus or part of an athletic team. Students pay a quarterly mandatory Health Service Fee that provides student access to the Student Health and Counseling Centers. The fee is \$150 per term. In addition to the contract with OHSU, this fund also supports a Health and Wellness Coordinator, two counselors and two athletic trainers.

Incidental Student Fee Fund supports institutional student programs that are beyond the academic mission of the institution. The incidental fee is assessed each term to all students taking "On-Campus" courses, and to all students living on campus or part of an athletic team. The fees in this fund are used for student union operations, student organizations, student governmental activities, and provides some support to athletics. The fee is \$255 per term.

Parking Services is a self-support operation which generates revenues through the sale of annual and quarterly parking permits, special events fees, and parking citations. Revenue generated is used for facility and route improvement, parking lot repair and maintenance, signage, and labor expenses. There were no increases in the prices of parking permits in FY17.

Bookstore: Barnes and Noble operates the University bookstore to provide the textbook, course materials and retail merchandise and apparel the campus community. This contract has been negotiated through 2022. Barnes and Noble pays a management fee of \$65,000 annually and reimburses EOU for the Property Specialist salary and benefits.

AUXILIARY ENTERPRISES



Year to Date Variances over FY2016:

Within the Auxiliary Funds, revenues appear down from FY16Q3 by 7%. However this is due to timing of the winter housing room and board disbursements. This revenue will be allocated for winter and spring term in FY17Q4. The winter term amount is \$1,020,999 and increases the overall revenue in the fund to \$5,608, which is slightly higher than FY16Q3. The expenditures have decreased by 2% over FY16Q3.

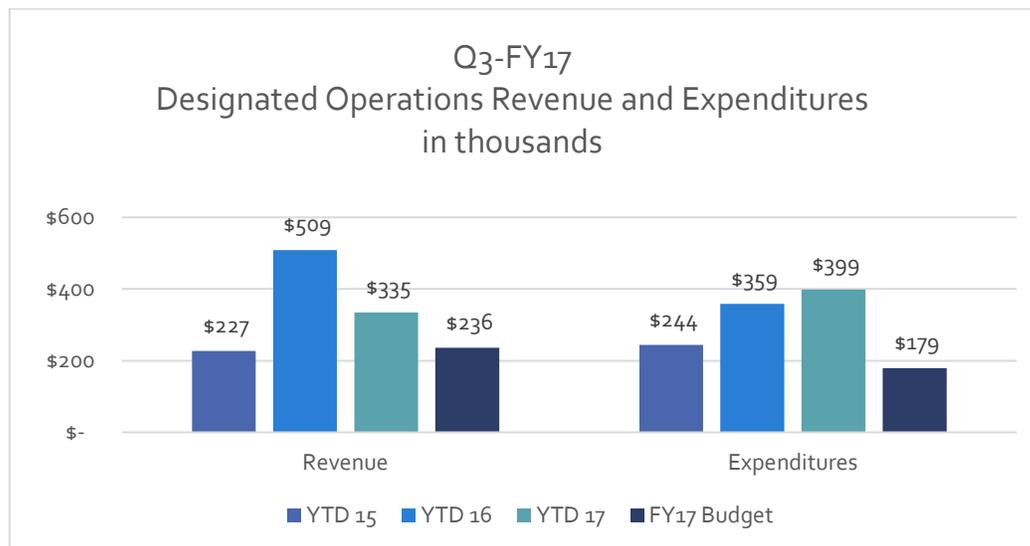
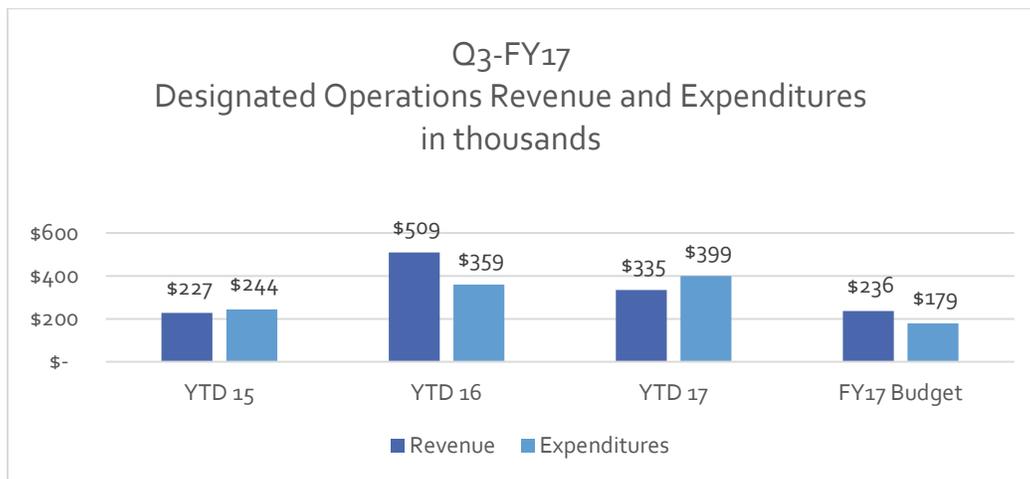
In general, Auxiliary Services units are performing as expected and the units within the funds are on target to meet year end budgeted projections.

ATHLETICS NOTE: The increase in state allocations is due the state allocation for the wrestling program being accrued in the intercollegiate fund. In Q3 there was a transfer out to E&G to cover the expenditures associated with Wrestling that were budgeted in E&G Funds.

DESIGNATED OPERATIONS

Designated Operations are university functions that provide self-support operations related to non-instructional activities such as field trips and community education. A Designated Operations fund will be established when approximately 80% or greater of a self-support activity is funded from external sources, including student fees for field trips or transfers in.

These funds are traditionally self-support, however EOU E&G does provide a transfer in to support the EOU copy center. EOU's Designated Operations Funds are academic department field trips, athletic and academic camps, workshops, the EOU Copy Center and the BASALT Magazine.



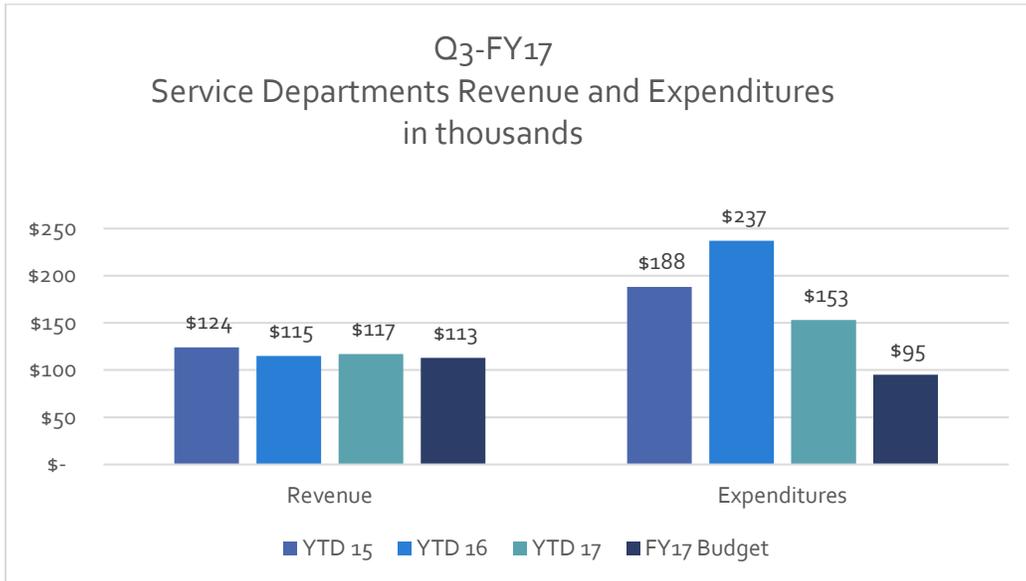
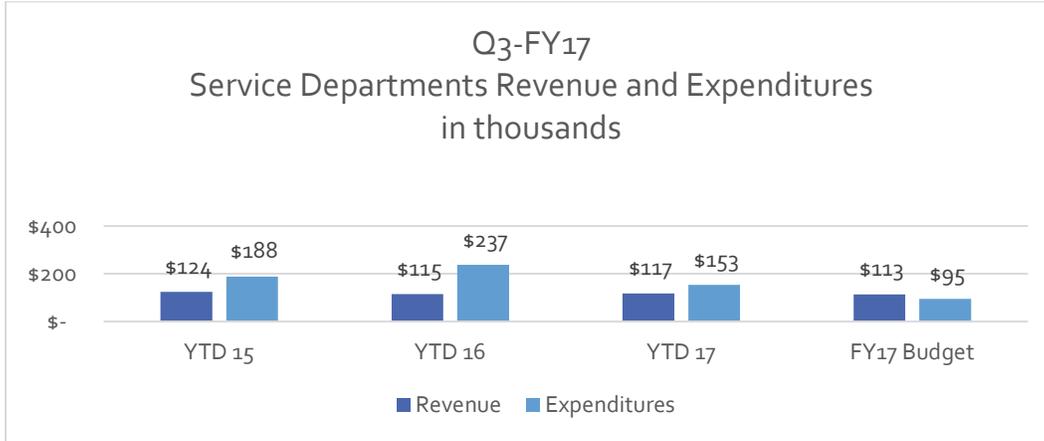
Year to Date Variances over FY2016:

Designated operations are trending ahead of where expected having already exceeded the projected revenue budget because of unanticipated individual gifts in Athletics due to post season activities. There has also been greater transfer out in FY17 due to athletics transferring funds earlier in the year from their Designated Operations funds. Direct expenses increased over prior year due to increased costs of summer camp meals and advertising expenses. We are anticipating that the fund will end the fiscal year with a slight increase to the fund balance.

SERVICE DEPARTMENTS

A Service Department fund is established with the majority of the activity is internal to the university. EOU's Serviced Departments include: Surplus Property, Telecommunications and Audio Visual departments, Library Copy Services and Motor Pool.

The FY17 revenue budget for these funds is \$113,000 and the expense budget is \$94,000, with additional funds of \$45,000 transferred from other funds to support these services. The transfer primarily support the telecommunications services. In FY17, the transfer in has been reduced due to shifting of expenditures to E&G, which reduced the transfer from E&G funds.



Year to Date Variances over FY2016:

Service departments are also trending as predicted with a slight increase to revenue over FY16. Expenditures are down from FY16Q3 as budgeted. Labor was shifted to E&G to align duties with the correct funds. Capital purchases are down in FY17 over prior years, as a scheduled vehicle purchase was made in Q3FY16. Based on the current budget and projections at the end of Q3, Service Departments will have a surplus of \$17,750 at YE2017.

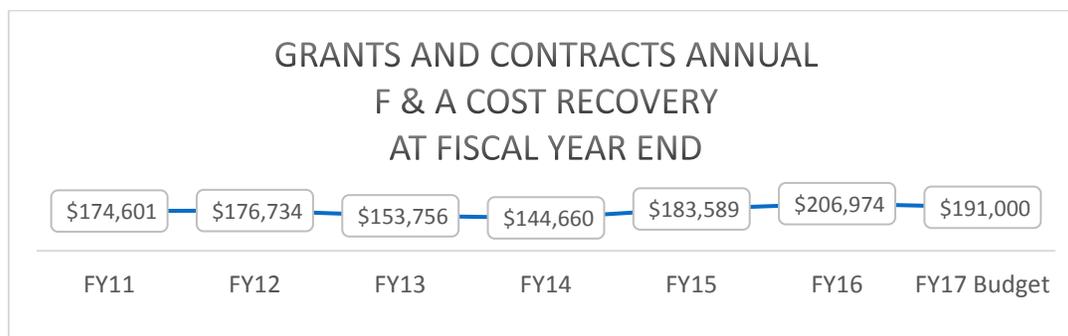
GRANTS AND CONTRACTS

EOU currently has 39 grants and contracts. The current EOU Federal F&A rate is 66% of salaries excluding benefits; however, many grants have limitations on the amount of indirect cost recovery that can be charged to the grant budget. EOU's F&A revenue budget for FY17 is \$191,000. The largest grant that EOU currently administers supports the Eastern Oregon Head Start Program. EOU provides space and services for the program and serves as the fiscal administrator for the grant. All employees of this program are paid through EOU payroll and receive EOU benefits, including retirement and healthcare benefits, if eligible.

The table below shows grants with award amounts above \$50,000 currently administered at EOU:

Award Title	Duration	Total Award	Balance as of 3/31/17
DHS ACF Head Start Program	Jul 2016 - Jun 2017	\$1,148,262.00	\$205,589.48
ODE Pre-Kindergarten Program (Head Start)	Jul 2015 - Jun 2016	\$655,439.00	\$191,169.72
NSF STEM Science & Technology in Eastern Oregon	Jul 2015 - Jun 2020	\$597,223.00	\$541,679.78
NSF Novel Heme Chemistry of Cytochrome	Jul 2014 - Jun 2018	\$298,161.00	\$145,774.42
ODE Math Science Partnership	Nov 2016 - Sep 2018	\$259,997.50	\$241,815.49
TRiO Student Support Service Grant	Sep 2016 - Aug 2017	\$220,000.00	\$66,877.98
ODE Go-STEM Project	Jul 2015 - Jun 2017	\$215,000.00	\$61,892.52
BPA Grande Ronde Model Watershed	May 2016 - Apr 2017	\$200,902.00	\$0.00
ODE Culturally Responsive Pedagogy 2016	Jul 2016 - Jun 2017	\$200,000.00	\$118,274.62
STEM Educator Professional Learning 2016	Apr 2016 - Jun 2017	\$193,599.00	\$140,934.32
OWEB Watershed Grant	Jul 2015 - Jul 2017	\$128,581.00	\$31,305.89
Dept. of Labor- Mine Safety	Apr 2016 - Mar 2017	\$110,616.00	\$0.00
USDA Meal Program - Head Start	Oct 2016 - Sep 2017	\$89,000.00	\$28,055.84
OBDD SBDC State Funds	Jul 2015 - Jun 2017	\$84,608.00	\$570.00
ODE CTE Teacher Prep Consortium	Jul 2016 - Jun 2017	\$53,894.00	\$32,480.75
OHSU Knight Cancer Institute GO-ASAP 2016-17	Feb 2017 - Feb 2018	\$50,000.00	\$44,007.81
OSU Eastern Regional Coordinator	May 2016 - Aug 2017	\$51,562.50	\$24,312.62

The chart below shows the indirect cost recovery received annually from the grants EOU administers.



DEFINITIONS

REVENUE CATEGORIES

- **Student Fees** include tuition and course fees charged for all credit courses at EOU. Course fees are charged in association with a particular class, typically these fees are for labs, academic field trips or course materials.
- **Government Resources and Allocations** are funds allocated through the Public University Support Fund (PUSF). The allocation also includes funding for special projects such as the Small Energy Loan Program (SELP) that is sponsored by the Oregon Department of Energy. The loans are for the purposes of providing partial funding for energy conservation or energy efficient projects. The loan must be repaid by Facilities from the energy savings and the allocation for the Wrestling Program.
- **Gifts, Grants and Contracts** can be funded through state, and local government agencies, and also private organizations. Each grant or contract is for a specific program or project, and functions associated with the award must be performed in accordance with the conditions of the agreement outlined by the sponsoring agencies. The revenue received in E&G funds is related to the indirect and administrative cost recovery on the grant or contracts.
- **Investment/Debt/Debt Service** is revenue from interest on accounts and investments as well as royalty and collections charges.
- **Sales and Services** is made up of event income, library fines, forfeited deposits, transcript and testing fees.
- **Other Revenue** is generated from rebates and contracts such as Barnes and Noble and the Law Library.
- **Internal Sales** is primarily used for revenue generated for internal telecommunication services and copy services.

EXPENSE CATEGORIES

- **Unclassified Salaries** include Faculty and Administrative Professionals salaries, as well as salary pay for those employees on sabbatical and any offsets/stipends received as part of the employees pay.
- **Unclassified Pay** is used for faculty overload pay, summer pay awards, vacation payouts, taxable moving expenses and employee discounts on services (athletic facility usage)
- **Classified Salaries** are those in the SEIU bargaining unit, this includes both full time and part time classified employees.
- **Classified Pay** includes overtime, temporary employees, vacation payouts for classified staff,
- **Student Pay** is for our students whose primary effort is directed toward receiving a formal education and whose work effort is part-time and secondary in nature. A student employee may be enrolled in either a secondary or a post-secondary institution.
- **Graduate Assistants** is for students working as graduate assistants within the university.
- **Benefit Compensation** this category is used for employee moving related expenses.
- **Other Payroll Expenses** is the amount paid for each employee by EOU based upon the type of employment, the gross pay amount, retirement system eligibility, and benefits. OPE varies monthly and annually, but a rate is estimated by the Budget Office so that departments can plan for this expense.
- **Services and Supplies** are expenses associated with the maintenance and administration of the day to day business of the institution. The operating expenses include supplies, utilities, repairs, travel and fees, but do not include capital expenses.
- **Capital Expenses** are purchases of equipment, buildings, major remodeling, or improvements other than buildings (such as art work, outside lighting systems, sidewalks, etc.) that meet the dollar threshold and other criteria for capitalization but are not funded through capital construction project funds. Capitalized equipment is tangible, personal property that is loaned, leased, controlled, or

possessed by an institution and is not consumed in the normal course of business, has a value in excess of \$5,000 and has a useful life that exceeds one year. For EOU this expense area is primarily used for purchases of Library Collection materials.

- **Student Aid** is used for tuition payments to other entities. For EOU this is related to MODA/ODS tuition.
- **Internal Sales Reimbursements** consist of all operations which provide services or supplies to others and charge a fee for the recovery of the cost incurred. These are non-cash transactions for goods and services necessary to meet the mission of the university. These may be between departments and units; or charges to externally funded grants/contracts or state-wide public service projects.
- **Transfers In/Out Transfers (Net)** are used when moving from one fund type to another, such as in the case of providing funding from operations for a capital project. Transfers can be used within fund types to redistribute resources between individual operating funds, as in the case of funding for cost share. Transfer account codes are also used to move cash associated with budget within the Budgeted Operations fund type.