

FINANCIAL CONDITION ANALYSIS OF OREGON PUBLIC UNIVERSITIES

2021



TABLE OF CONTENTS

OVERVIEW 3

IMPACT OF COVID-19 8

EASTERN OREGON UNIVERSITY 9

OREGON INSTITUTE OF TECHNOLOGY 13

OREGON STATE UNIVERSITY 17

PORTLAND STATE UNIVERSITY 22

SOUTHERN OREGON UNIVERSITY 27

UNIVERSITY OF OREGON 31

WESTERN OREGON UNIVERSITY 35

APPENDIX 40

OVERVIEW

This report contains a broad financial evaluation of each of Oregon’s seven public universities. The objective of this report is to identify institutions in which the potential for financial stress exists.

Two perspectives are provided. The oversight perspective looks at all institutional funding, including foundation assets, and employs financial ratios to calculate a composite financial index (CFI) to provide an overall assessment of the institution’s financial health. The governance perspective is limited to the education and general (E&G) fund, sometimes called the general fund, of the institution in which the financial activity related to instruction, research and public service is collected.

For the oversight perspective, the process starts with the identification of relevant financial indicators after which standards are then defined. The extent to which an institution meets all the standards will then provide insight as to whether or not the institution could potentially experience financial stress in the future. The best approach is to compare an institution to itself over time, rather than comparing peer to peer.

As such, this analysis considers each institution across all funds (i.e. general fund, plant fund, auxiliary fund, etc.) and includes component units (i.e. a foundation) that are included in the university’s annual financial report. The framework for this analysis is a book called *Strategic Financial Analysis for Higher Education* written by KPMG and Prager, Sealy & Co. It has been in use since its first publication in the 1980’s and is widely used by trustees, senior managers, financial analysts, and credit analysts to properly assess institutions of higher education. A version of this framework is also used by the US Department of Education in their financial responsibility score currently used to assess private institutions.

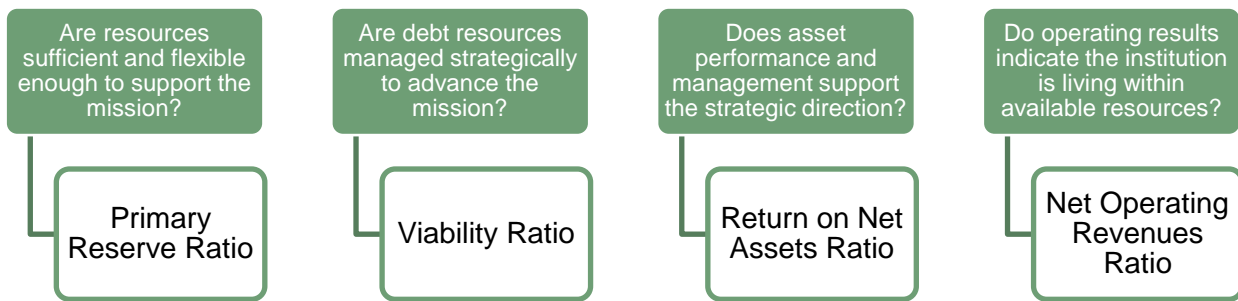
Two perspectives are provided. An oversight perspective, focused on all funds including foundation assets and a governance perspective focused solely on the general fund.

The governance perspective is a bit narrower in scope in that it only considers the E&G, or general fund, of the institution. The other funds are considered self-balancing, and although transfers between funds can and do occur, the general fund is often where governing board decision making is concentrated since it represents the majority of the institution’s financial activity.

Information related to the governance perspective is presented for each institution alongside the calculations for the financial ratios and CFI. The remainder of this section discusses the calculation of the financial ratios and other qualitative metrics used to consider an institution’s financial health.

FINANCIAL ANALYSIS IN HIGHER EDUCATION

The overall financial health of an institution can be assessed via two dimensions of inquiry. First, is the institution financially capable of successfully carrying out its current programs? Second, is the institution able to carry out its intended programs well into the future? Along those two dimensions, four key financial questions need to be asked. A financial ratio is designed to measure the answer for each question.



Primary Reserve Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$$

This ratio measures the financial strength and flexibility of the institution by comparing expendable net assets to total expenses, providing a snapshot of how long the institution could continue operating without additional revenue. A decline in the primary

reserve ratio indicates expenses are growing faster than revenues and certainly faster than the growth in expendable net assets.

Viability Ratio

$$\frac{\text{Expendable Net Assets}}{\text{Long-Term Debt}}$$

The viability ratio measures one of the most basic elements of financial health: debt coverage. It considers what expendable net assets are available to cover long-term debt should the institution need to immediately settle its obligations. This ratio is similar to

a coverage ratio used in the private sector to indicate the ability of an organization to cover its long-term debt.

Expendable net assets, in this circumstance, are those resources that are readily available to the institution. Typically, this includes unrestricted assets plus those assets that are restricted but expendable. Assets that are restricted but not expendable, like capital assets, are excluded. Donor assets are typically restricted but included if they are expendable. An example is endowment assets. The restricted but expendable portion is the current year earnings while the restricted but not expendable portion is the corpus of the endowment.

Return on Net Assets Ratio

$$\frac{\text{Change in Net Assets}}{\text{Total Net Assets}}$$

This ratio measures total economic return during the fiscal year. It answers the question “are they better off financially than they were a year ago?” It shows an institution’s total economic return.

A positive return on net assets means an institution is increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic

investments. A temporary decline in this ratio could be reasonable should it reflect a strategy to improve the institution’s financial condition.

Net Operating Revenues Ratio

$\frac{\text{Net Operating Income}}{\text{Total Operating Revenue}}$
--

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. Continuing

negative operating revenues ratios may indicate that an institution does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

Composite Financial Index

A widely accepted metric called the Composite Financial Index (CFI) is often used to address these four key questions. The CFI blends the four core financial ratios into one metric, providing a more balanced view of an institution’s finances. Measuring the index over time provides a glimpse as to the progress institutions are making toward achieving financial goals.

This report includes calculated CFIs for Oregon’s seven public universities for the past four fiscal years including 2017 through 2020. Some of the institutions report these same ratios and the CFI for their boards. The calculations can differ slightly depending on the data used. Our calculations are based solely on audited financial statement information while the institutions often use more granular data from their accounting systems.

BENCHMARKS

Ratio	Benchmark
Primary Reserve Ratio	>0.4
Viability Ratio	>1.0
Return on Net Assets	>6%
Net Operating Revenues	>4%
Composite Financial Index	No Benchmark
Adjusted Composite Financial Index*	>3.0
*adjusted to remove pension and other post-employment benefits (OPEB) liabilities	

ACCOUNTING PRACTICE

Changes in accounting practice can affect the calculations. For example, Governmental Accounting Standards Board (GASB) Statements No. 68, 71 and 75 all attempt to improve financial reporting by accounting for pension-related and other postemployment benefit (OPEB) liabilities. The impact of these statements was the reduction in expendable net assets leading to a reduction in both the primary reserve and viability ratios as well as higher benefits expense leading to a reduction in the net operating revenues ratio. The additional liability is significant, accounting for approximately one third of total liabilities.

This report includes the CFI calculated both with these liabilities and also adjusted to remove them. The value of pension and OPEB liabilities is actuarially determined and subject to a number of assumptions driven by demographics and other factors. The discount rate assumption is particularly sensitive; each 1% change equals a 25-30% change in the net liability.

Effective for FY2019, new guidance was issued by the Financial Accounting Standards Board (FASB) in Accounting Standards Update (ASU) 2016-14 (topic 958) which altered the categories of net assets presented for the foundations. Consequently, the calculation of expendable net assets was affected. Two ratios use the expendable net assets.

Occasionally changes in accounting practice, namely through the issuance of new guidance, will cause financial statements to be restated retroactively. Restated numbers will be incorporated in the analysis as appropriate. As a result, calculations for an institution for a given fiscal year may change in future reports.

ADDITIONAL INDICATORS

In addition to the CFI, a more robust understanding is obtained through a number of additional indicators. These include the monthly days cash on hand liquidity metric and qualitative measures including enrollment fluctuations, the dependency of revenues, audit findings and accreditation sanctions.

Enrollment Fluctuations

Consistent enrollments are integral to financial health. Net tuition revenue is typically the largest source of E&G revenue. The distribution of state funding is also influenced by enrollments. Extraordinary fluctuations in enrollment can cause volatility within these primary revenue sources. Credit rating agencies rely on enrollment data to determine student demand and market position both of which are factors in ratings analysis.

Enrollment data for all seven of the public universities is included in the appendix. This data looks at fall fourth week full-time student equivalent (FTE) enrollment going back to the 2002-03 academic year. Across all institutions, enrollment between 2002-03 and 2010-11 grew 20.7% in total with all of the institutions experiencing growth during that time. The trend has been decidedly different in the past decade. Since 2011-12, enrollment has declined 4.8% across all institutions with only two (OSU and OIT) experiencing growth during that time. Future demographics of Oregon suggest enrollments will struggle to increase as the number of 18-25-year-old residents stagnates.

Dependency of Revenues

The over reliance on any one source of revenue can subject an institution to volatility and risk should that revenue source substantially change. Considering each revenue source's percentage of total revenue gives some indication of an over dependence. There is no universally excepted benchmark for this metric or definition of over dependence; however, the collection of more than 50% of total revenue from one source is often considered a reasonable benchmark indicating over reliance.

Considering the FY2020 E&G fund financial data for all seven public universities, net revenue is expressed as a percentage of the total of all E&G revenue. For all seven, 66% of E&G fund revenue comes from tuition with four at 60% or more with one institution near 80%. With such a dependence on net tuition revenue, the sensitivity of the institution's overall financial health to enrollment is magnified.

Audit Findings

The institutions are required to have an external audit performed of their annual financial reports every year. The auditor expresses an opinion of the financial statements, control systems, and other management issues. Any material weaknesses identified by the auditor would raise the level of concern about the institution's financial condition. The HECC is not aware of any material weaknesses identified by the external auditors.

Accreditation Sanctions

Actions taken by the regional accrediting body are also considered. Oregon is served by the Northwest Commission on Colleges and Universities (NWCCU). The 2020 accreditation standards, specifically 2.E.1 through 2.E.3, used by NWCCU include reference to the financial stability and control expected of each institution and represent good practice. Accreditation is a prerequisite for an institution to participate in federal financial aid programs and is therefore fundamental to an institution's financial viability. The HECC is not aware of any current accreditation sanctions affecting the public universities.

DATA SOURCES AND APPENDIX

Data for the calculations in this report came from the Audited Financial Reports for each institution and related foundation. Enrollment data came from HECC's Office of Research and Data. General fund activity and tuition collection information came from survey data provided by the institutions.

Financial ratio calculations and general fund data is included within the body of the report for each individual institution. Summary financial data across all seven of the institutions is included in the appendix including more detail on tuition collections.

THE IMPACT OF COVID-19

The public universities have reported direct, additional costs due to the pandemic of just over \$57.8 million from March 2020 through the fall term. This includes \$34.1 million in student refunds, \$6.2 million in remote instruction technology and student support costs, \$4.7 million in cleaning, testing and personal protection equipment, and \$12.8 million in personnel and other costs. The winter and spring terms will add \$22.8 million in projected costs totaling \$80.6 million.

The figure above does not include lost or foregone revenue estimated at \$327.1 million with \$253.2 million (77%) related to auxiliary activities including housing, dining, retail and athletics. With the passage of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act in December 2020, the universities will receive an estimated \$103 million in total institutional aid when including CARES Act funding. This should cover direct expenses but will not be sufficient to address lost or foregone revenue.

Luckily, earlier concerns about potential enrollment declines of 10-15% have not materialized for the public universities in the fall term. Overall, the fall fourth-week full-time equivalent enrollment fell 3.9%. The decrease was higher for non-resident students versus resident students. Entering freshmen enrollment was down significantly for some of the institutions. Extraordinary wildfires also affected enrollment at SOU.

Looking ahead to the remainder of FY2021, projected general fund budgets show a 1.7% drop in net tuition and fee revenue, an expected 1.0% decline in total revenue, and expenses increasing slightly by 0.6%. This infers a \$20.0 million use of fund balances and reduces the aggregate fund balance to about 1.7 months of reserves. Auxiliary activities will contribute uncertainty but are expected to be self-supporting and, as such, should not affect E&G funds. Liquidity is a concern for some. More information by institution is included below.

Projected FY2021 General Fund Information (as of December 2020)

The year over year trend in:	EOU	OIT	OSU	PSU	SOU	UO	WOU
Tuition/fee revenue	+9.2%	+2.2%	-0.4%	-4.5%	-8.7%	-2.6%	+8.7%
Total revenue	+6.0%	+4.1%	-0.9%	-3.0%	-4.7%	-1.5%	+4.7%
Total expenses	+9.8%	+7.7%	+1.2%	+3.5%	-4.8%	-2.1%	-4.5%
Operating Gain or Loss?	Gain	Gain	Loss	Loss	Even	Loss	Loss
Use of Fund Balance?	No	No	Yes	Yes	No	Yes	Yes
Projected Fund Balance at the end of FY2021 (months of revenue)	3.1	2.6	1.4	3.4	1.0	1.1	0.8

EASTERN OREGON UNIVERSITY

FINANCIAL RATIOS SUMMARY

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.18	0.15	0.17	0.21	>0.4
Viability Ratio	0.54	0.41	0.44	0.49	>1.0
Return on Net Assets	4.9%	2.2%	3.8%	-0.2%	>6%
Net Operating Revenues	(4.0%)	(3.9%)	(8.3%)	(2.9%)	>4%
Composite Financial Index	1.10	0.66	0.56	0.72	N/A
Adjusted CFI*	3.34	2.52	2.20	4.14	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$12,284	\$10,268	\$9,302	\$11,357
<i>University/Foundation</i>	<i>\$6,355/\$5,929</i>	<i>\$2,925/\$7,343</i>	<i>\$3,305/\$5,997</i>	<i>\$3,837/\$7,520</i>
Expenses	\$58,004	\$59,887	\$62,597	\$64,152
Calculated Ratio	0.21	0.17	0.15	0.18

EOU's primary reserve ratio has improved year over year due to a 22.1% increase in expendable net assets balanced against a constrained 2.5% increase in expenses. Much of that growth in assets has occurred within the foundation. This improvement is important since a low primary reserve ratio indicates that available resources are not sufficient or flexible enough to support the institution's mission in the future.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$12,284	\$10,268	\$9,302	\$11,357
Total Long-Term Debt	\$25,014	\$23,474	\$22,823	\$21,210
Calculated Ratio	0.49	0.44	0.41	0.54

EOU's viability ratio has improved as well. The value of total expendable net assets has improved while the outstanding balance of long-term debt continues to decline. EOU's viability ratio as a result of FY2020 is at the point where they can cover 54 cents out of every dollar currently owed with expendable net assets. The long-term debt amount noted above does not include the currently estimated \$21.9 million in net pension and benefits liabilities recorded by EOU.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	(\$145)	\$2,603	\$1,568	\$3,528
Total Beginning Net Position	\$68,992	\$68,274	\$70,877	\$72,445
Calculated Ratio	(0.2%)	3.8%	2.2%	4.9%

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution's total economic return. A positive return on net assets ratio means an institution is increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic investments. EOU has shown significant improvement in this ratio over the past four years.

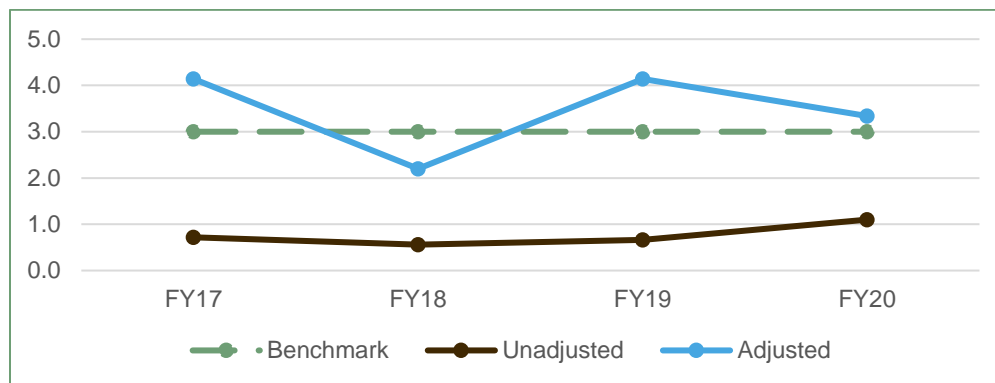
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	(\$1,622)	(\$4,586)	(\$2,322)	(\$2,456)
Total Operating Revenues	\$55,635	\$55,301	\$60,275	\$61,696
Calculated Ratio	(2.9%)	(8.3%)	(3.9%)	(4.0%)

EOU's net operating revenues ratio remained relatively stable the past few years, although negative during all of them. Continuing negative operating revenues ratios may indicate that an institution does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balances, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, EOU is in a stable, and improving, financial position. They have improved the level of expendable net assets, improved the performance of existing assets, and have improved their overall liquidity position. Still, EOU's financial position is potentially precarious and sensitive to enrollment changes as well as the balance between state formula revenues and other sources of revenue.

EOU – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	20,952,498	21,870,942	23,376,590	24,012,570
Less fee remissions	(2,187,399)	(2,591,422)	(2,734,317)	(2,896,683)
Net tuition	18,765,098	19,279,520	20,642,273	21,115,887
State operating appropriations	19,870,936	20,051,272	20,357,177	21,158,781
State debt service appropriations	647,928	637,752	637,752	637,752
Indirect cost recovery	254,346	271,763	261,470	281,072
All other	805,623	975,701	1,059,051	1,240,178
Total revenues	40,343,931	41,216,007	42,957,724	44,433,670
Expenses				
Salary & Wages	19,735,924	20,430,341	21,484,588	21,757,863
Benefits: Health	4,855,723	5,195,859	5,361,139	5,593,809
Benefits: Retirement	3,614,425	4,572,831	4,943,380	5,347,647
Benefits: Other	1,519,540	1,774,647	1,769,863	1,769,870
Supplies & Services	7,927,102	7,713,981	7,938,061	7,277,334
Capital Expenditures	566,064	533,549	452,770	422,249
Institutional Student Aid	3,312	-	-	-
Net Fund Transfers	(289,462)	172,754	(172,531)	(76,102)
Total expenses	37,932,627	40,393,961	41,777,270	42,092,671
Net Income (Loss)	2,411,304	822,047	1,180,454	2,340,999
As a % of Revenue	6%	2%	3%	5%
Fund Balance Information				
Beginning Fund Balance	4,579,000	6,990,304	7,812,351	8,992,805
Ending Fund Balance	6,990,304	7,812,351	8,992,805	11,333,804
Balance as a % of Revenue	17%	19%	21%	26%
Months of Operating Balance	2.1	2.3	2.5	3.1
Additional Information				
% of Revenue that is Tuition	47%	47%	48%	48%
Remission Rate	10%	12%	12%	12%
Wages and Benefits as % of Total:	78%	79%	80%	82%

OREGON INSTITUTE OF TECHNOLOGY

FINANCIAL RATIOS SUMMARY

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.32	0.30	0.39	0.41	>0.4
Viability Ratio	0.76	0.71	0.83	0.79	>1.0
Return on Net Assets	11.6%	10.6%	8.0%	8.2%	>6%
Net Operating Revenues	(2.2%)	(6.1%)	(8.6%)	2.1%	>4%
Composite Financial Index	2.48	1.98	1.85	2.73	N/A
Adjusted CFI*	3.95	2.89	2.74	4.76	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$32,300	\$32,538	\$29,832	\$31,240
<i>University/Foundation</i>	<i>\$16,678/\$15,622</i>	<i>\$13,098/\$19,440</i>	<i>\$10,313/\$20,073</i>	<i>\$10,870/\$8,423</i>
Expenses	\$78,147	\$84,064	\$98,770	\$96,331
Calculated Ratio	0.41	0.39	0.30	0.32

OIT's primary reserve ratio had been right at the benchmark in FY17 and FY18 but fell in FY19. In FY20, the ratio has improved but is still under the benchmark. OIT has continued to reduce expenses (tied to a reduction in FTE). With no other significant draws on reserves, OIT is maintaining reserves at a reasonable level by balancing expenses with revenues. Still, this could leave the institution without the means to invest in new programs or opportunities.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$32,300	\$32,538	\$29,832	\$31,420
Total Long-Term Debt	\$41,091	\$39,343	\$41,861	\$41,443
Calculated Ratio	0.79	0.83	0.71	0.76

OIT's expendable net assets grew by 3.4% from FY19 to FY20 after a drop between FY18 and FY19. By the same token, OIT's viability ratio increased slightly between FY19 and FY20 after falling between FY18 and FY 19. As a result, and although their viability ratio is below the benchmark, it appears the institution is in a relatively stable position.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	\$7,754	\$8,121	\$11,618	\$14,005
Total Beginning Net Position	\$94,403	\$101,391	\$109,512	\$121,130
Calculated Ratio	8.2%	8.0%	10.6%	11.6%

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution's total economic return. A positive return on net assets ratio means an institution is increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic investment in strategies that will enhance net assets in the future. OIT's performance on this ratio was both stable and above the established benchmark during the past four years.

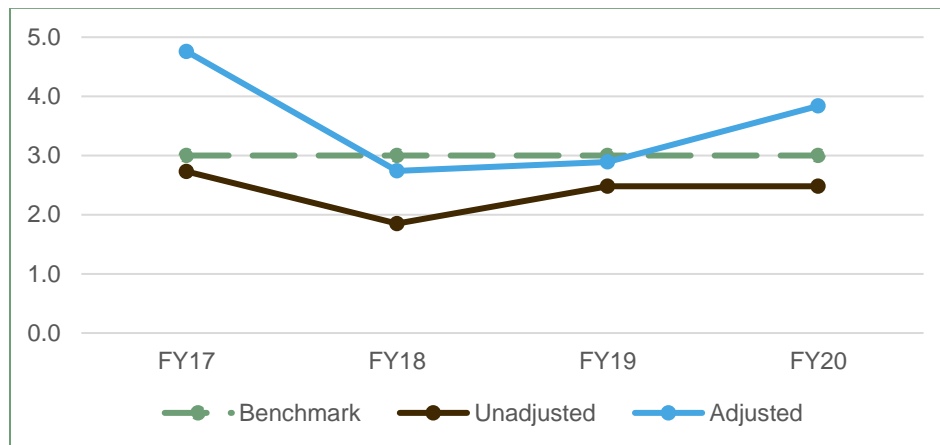
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	\$1,612	(\$6,787)	(\$5,796)	(\$2,053)
Total Operating Revenues	\$77,782	\$78,980	\$95,070	\$94,278
Calculated Ratio	2.1%	(8.6%)	(6.1%)	(2.2%)

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. OIT's net operating revenues ratio has been negative the past three years and has decreased slightly since FY 17. Although the losses are relatively small, continuing negative operating revenues ratios may indicate that an institution does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, OIT remains financially stable with a relatively strong financial position. Short-term declines in their financial ratios in the past year, due in part to extraordinary OMIC expenses, are not likely indicative of any longer-term financial risk.

OIT – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	32,052,517	33,638,763	35,790,588	39,203,444
Less fee remissions	(3,578,238)	(3,843,240)	(3,945,695)	(4,696,630)
Net tuition	28,474,278	29,795,523	31,844,893	34,506,814
State operating appropriations	26,198,093	27,500,434	28,811,561	31,177,125
State debt service appropriations	189,564	156,536	133,536	133,536
Indirect cost recovery	139,109	201,849	297,157	391,847
All other	2,042,702	1,626,051	6,769,828	2,374,965
Total revenues	57,043,747	59,280,392	67,856,975	68,584,287
Expenses				
Salary & Wages	28,366,096	29,899,185	32,200,472	31,729,269
Benefits: Health	6,169,519	6,794,124	7,878,239	7,632,934
Benefits: Retirement	4,689,975	5,582,871	6,275,227	6,630,539
Benefits: Other	2,097,227	2,204,576	1,911,715	2,455,763
Supplies & Services	11,232,691	11,807,574	18,233,974	13,767,861
Capital Expenditures	375,530	729,718	766,219	449,496
Institutional Student Aid	408	250	1,838	84,134
Net Fund Transfers	10,075,909	1,614,046	3,443,573	3,036,798
Total expenses	63,007,356	58,632,343	70,711,256	65,786,794
Net Income (Loss)	(5,963,608)	648,049	(2,854,282)	2,797,493
As a % of Revenue	-10%	1%	-4%	4%
Fund Balance Information				
Beginning Fund Balance	17,996,276	13,113,558	13,648,582	10,838,617
Additions/Deductions	1,080,890	(113,025)	44,317	45,503
Ending Fund Balance	13,113,558	13,648,582	10,838,617	13,681,613
Balance as a % of Revenue	23%	23%	16%	20%
Months of Operating Balance	2.8	2.8	1.9	2.4
Additional Information				
% of Revenue that is Tuition	50%	50%	47%	50%
Remission Rate	11%	11%	11%	12%
Wages and Benefits as % of Total:	66%	76%	68%	74%

OREGON STATE UNIVERSITY

FINANCIAL RATIOS SUMMARY

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.09	0.15	0.25	0.27	>0.4
Viability Ratio	0.20	0.32	0.59	0.71	>1.0
Return on Net Assets	3.1%	4.0%	3.4%	4.2%	>6%
Net Operating Revenues	(3.4%)	(2.6%)	(4.6%)	(1.8%)	>4%
Composite Financial Index	0.46	0.86	1.13	1.58	N/A
Adjusted CFI*	2.02	2.08	2.35	4.53	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$330,750	\$322,690	\$203,810	\$132,561
<i>University/Foundation</i>	<i>\$37,551/\$293,199</i>	<i>\$2,087/\$327,310</i>	<i>(\$37,515)/\$241,325</i>	<i>(\$108,275)/\$240,836</i>
Expenses	\$1,235,207	\$1,306,489	\$1,357,631	\$1,420,271
Calculated Ratio	0.27	0.25	0.15	0.09

OSU's primary reserve ratio was relatively steady before dropping significantly at a level well short of the established benchmark. Expendable net assets have dropped 35.4% the past two years largely due to an increase in Net Investment in Capital Assets and much smaller growth in Total Net Position.

The reasons for this drop are largely twofold. First, accounting rule changes on foundation assets, which principally impacted the much larger of OSU's two foundations, OSU's main foundation, saw a \$70M drop in expendable assets even as foundation assets overall increased. It did not have as much of an impact on OSU's second foundation, its agricultural research foundation, whose assets are much smaller. Second, OSU's capital

assets increased \$70M from FY 18 to FY 19 as projects were completed, an increase which is subtracted out of their expendable net assets. OSU's Net Position has been growing at a steady rate, as has their net investment in Capital Assets. Both are these signs of financial stability.

Overall, OSU's primary reserve ratio equates to two months' worth of expenses, which puts them at some risk if revenues were to decline. However, OSU's position may be somewhat stronger than this as their foundation assets actually increased, indicating they may have more flexibility than it might appear at first.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$330,750	\$305,452	\$203,810	\$132,562
Total Long-Term Debt	\$467,324	\$521,425	\$642,982	\$651,332
Calculated Ratio	0.71	0.59	0.32	0.20

OSU's viability ratio has declined since FY18 due to three factors. First, as with the primary reserve ratio there was a \$70M increase in capital assets. Second, again as with the primary reserve ratio, there was a \$70M drop in foundation expendable assets due to accounting rule changes even as foundation assets as a whole grew. Third, OSU increased its long-term debt by \$60M from FY17 to FY18 and by \$10.5M from FY19 to FY20. At this point, OSU could cover just twenty cents of every dollar owed with currently available assets. Consideration of new debt should include this analysis. However, as with the primary reserve ratio, the re-classification of OSU's foundation assets may make their performance on this ratio appear worse than it actually is.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	\$58,610	\$49,281	\$59,743	\$46,814
Total Beginning Net Position	\$1,389,112	\$1,434,877	\$1,485,196	\$1,528,237
Calculated Ratio	4.2%	3.4%	4.0%	3.1%

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years displaying an institution's total economic return. A positive return on net assets ratio indicates an institution is

increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic investment in strategies that will enhance net assets in the future. OSU’s performance on this ratio was stable at a level just below the benchmark the past four years, indicating financial stability.

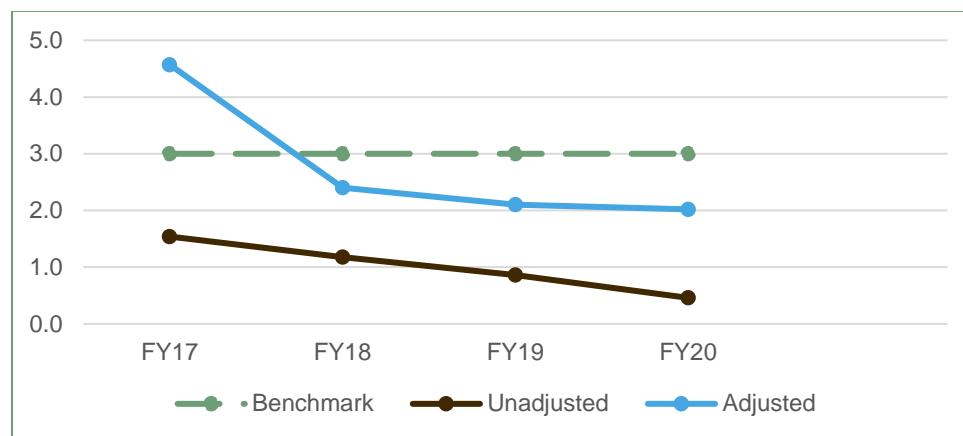
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	(\$21,657)	(\$58,448)	(\$34,168)	(\$46,984)
Total Operating Revenues	\$1,213,550	\$1,269,717	\$1,323,463	\$1,367,428
Calculated Ratio	(1.8%)	(4.6%)	(2.6%)	(3.4%)

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. OSU’s net operating revenues ratio has been negative the past four years and at relatively stable levels since FY17. Although the losses are relatively small, continuing negative operating revenues ratios may indicate that an institution does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, OSU's finances are in a relatively stable position. Although there was a sharp drop between FY17 and FY18, it stabilized between FY18 and FY19. OSU remains well positioned financially to fulfill its mission and carry out its fiduciary responsibilities.

OSU – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	387,963,322	407,197,656	421,774,551	441,286,120
Less fee remissions	(37,680,269)	(39,918,755)	(42,746,331)	(46,160,336)
Net tuition	350,283,053	367,278,901	379,028,220	395,125,784
State operating appropriations	117,656,107	125,467,980	135,686,951	146,511,849
State debt service appropriations	1,084,152	1,072,584	1,072,584	1,072,584
Indirect cost recovery	38,942,493	42,057,377	41,471,387	42,502,851
All other	25,487,930	27,052,954	30,442,249	34,304,852
Total revenues	533,453,736	562,929,795	587,701,391	619,517,920
Expenses				
Salary & Wages	267,341,287	279,480,083	295,551,671	304,993,459
Benefits: Health	51,420,069	54,819,115	58,363,725	61,240,623
Benefits: Retirement	43,942,573	53,680,508	55,501,500	63,165,647
Benefits: Other	37,356,848	37,931,930	40,769,100	42,415,275
Supplies & Services	98,560,991	104,839,742	114,123,087	116,646,816
Capital Expenditures	6,926,741	4,754,414	9,994,979	7,529,763
Institutional Student Aid	893,243	1,274,923	1,706,882	1,948,792
Net Fund Transfers	12,243,897	25,085,848	22,512,848	15,957,179
Total expenses	518,685,650	561,866,563	598,523,791	613,897,554
Net Income (Loss)	14,768,086	1,063,233	(10,822,401)	5,620,366
As a % of Revenue	3%	0%	-2%	1%
Fund Balance Information				
Beginning Fund Balance	68,563,430	83,331,516	84,394,749	73,572,348
Ending Fund Balance	83,331,516	84,394,749	73,572,348	79,192,714
Balance as a % of Revenue	16%	15%	13%	13%
Months of Operating Balance	1.9	1.8	1.5	1.5
Additional Information				
% of Revenue that is Tuition	66%	65%	64%	64%
Remission Rate	10%	10%	10%	10%
Wages and Benefits as % of Total:	77%	76%	75%	77%

PORTLAND STATE UNIVERSITY

FINANCIAL RATIOS SUMMARY

These calculations might differ slightly from those reported by the institution to their own board.

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.17	0.18	0.15	0.17	>0.4
Viability Ratio	0.45	0.43	0.35	0.35	>1.0
Return on Net Assets	4.0%	15.9%	2.7%	16.9%	>6%
Net Operating Revenues	(2.6%)	0.8%	(3.9%)	1.1%	>4%
Composite Financial Index	1.03	2.48	0.66	2.51	N/A
Adjusted CFI*	2.79	3.24	2.14	5.80	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$91,855	\$85,976	\$102,522	\$98,925
<i>University/Foundation</i>	<i>\$31,486/\$60,369</i>	<i>\$17,772/\$68,204</i>	<i>\$29,609/\$72,913</i>	<i>\$25,937/\$72,988</i>
Expenses	\$543,840	\$568,512	\$569,354	\$578,322
Calculated Ratio	0.17	0.15	0.18	0.17

PSU's primary reserve ratio was relatively steady from FY17 to FY20, although at a level well below the established benchmark. Overall, PSU's expendable net assets increased 7.7% from FY17 to FY20, largely due to a substantial increase from FY18 to FY19 resulting from a \$9M decrease in pension expenses. In FY20, PSU's expendable net assets decreased slightly due to the completion of capital projects and associated spending. Overall, PSU's primary reserve ratio equates to just over two months' worth of expenses, which puts them at some risk if revenues were to decline.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$91,855	\$85,976	\$102,522	\$98,925
Total Long-Term Debt	\$265,020	\$247,472	\$239,001	\$221,572
Calculated Ratio	0.35	0.35	0.43	0.45

PSU's viability ratio has increased substantially over the past three years, from 0.35 in FY18 to 0.45 in FY20. This increase was due largely both to the \$9M decrease in pension expense in FY19 as well as an \$18M drop in long-term debt in FY20 due to the retirement of some long-term bonds. Despite this improvement, at this point, PSU could cover just forty-five cents of every dollar owed with currently available assets. As a result, PSU should strongly consider limiting new debt until this picture improves.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	\$67,987	\$12,419	\$75,704	\$22,315
Total Beginning Net Position	\$401,586	\$465,136	\$477,555	\$553,259
Calculated Ratio	16.9%	2.7%	15.9%	4.0%

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution's total economic return. PSU's performance on this ratio was well above the benchmark in FY17 and FY19 and dropped to about half the benchmark for FY18 and was just below the benchmark in FY20. These swings were due primarily to the completion of large capital projects in fiscal years 17 and 19, which increased PSU's net position. In FY20, PSU saw an increase due to completion in capital projects that was offset by depreciation and increased capital spending. The volatility in this ratio, albeit at a relatively strong level, indicates that PSU may have some additional resources to invest should this trend continue.

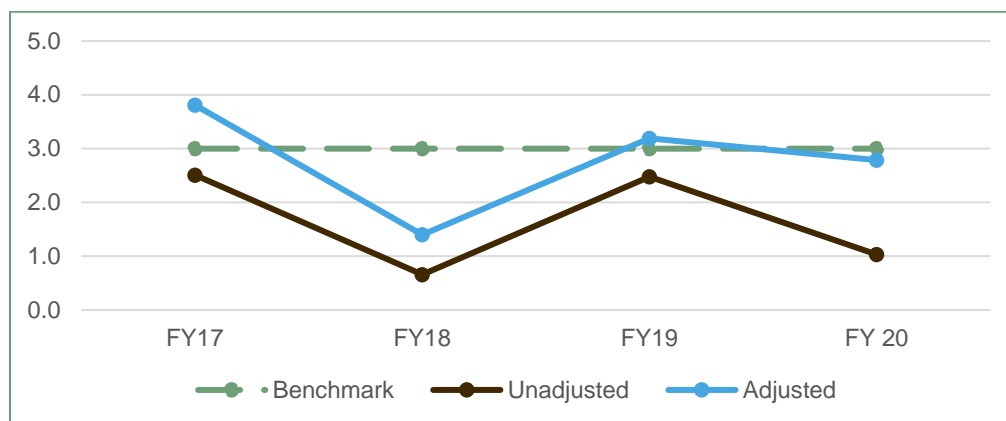
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	\$5,859	(\$21,345)	\$4,867	(14,459)
Total Operating Revenues	\$554,980	\$554,132	\$578,400	\$563,962
Calculated Ratio	1.1%	(3.9%)	0.8%	(2.6%)

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. PSU's net operating revenues ratio was just above zero in fiscal years 17 and 19 and slightly negative in FY18 and FY20. The negative ratio in FY20 was largely due to a combination of decreased enrollment (which has been a trend for the past several years) combined with a substantial loss in auxiliary revenues due to the pandemic, which is likely to be larger in the current fiscal year due to the continuing inability to operate auxiliary services at anywhere close to normal levels. This negative ratio indicates PSU does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, PSU's finances have been largely stable despite some drops in FY18 and FY20. PSU had an unadjusted CFI of near 3.0 in two of the four years examined in this report, indicating that its finances are in a relatively strong position and that it is not likely to be unable to meet its fiduciary responsibilities in the near term. However, should enrollment continue to decline, or auxiliary services continue to be impacted to the same extent in future years as they are currently due to pandemic related restrictions, PSU may face potential longer-term financial issues but is relatively well positioned in the short to mid-term to weather financial stresses.

PSU – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	234,982,158	240,681,375	240,674,823	233,173,571
Less fee remissions	(20,530,674)	(22,737,697)	(21,100,540)	(20,535,846)
Net tuition	214,451,484	217,943,679	219,574,284	212,637,725
State operating appropriations	86,595,683	93,205,018	96,604,069	104,835,509
State debt service appropriations	2,240,976	2,182,248	2,182,248	2,182,248
Indirect cost recovery	10,584,033	10,925,243	11,621,777	11,086,809
All other	12,383,047	10,815,053	19,411,451	15,613,029
Total revenues	326,255,223	335,071,241	349,393,829	346,355,320
Expenses				
Salary & Wages	169,430,156	174,978,679	179,464,327	179,116,546
Benefits: Health	28,185,526	28,758,037	28,919,047	29,227,897
Benefits: Retirement	29,523,363	34,430,801	35,538,750	39,892,115
Benefits: Other	20,348,376	21,044,659	20,693,209	22,572,384
Supplies & Services	60,062,149	62,441,001	62,942,625	59,977,155
Capital Expenditures	1,783,871	1,481,927	1,973,124	1,476,974
Institutional Student Aid	263,973	317,413	710,650	945,554
Net Fund Transfers	4,291,693	2,790,392	1,391,201	2,188,249
Total expenses	313,889,106	326,242,909	331,632,933	335,396,874
Net Income (Loss)	12,366,117	8,828,332	17,760,896	10,958,446
As a % of Revenue	4%	3%	5%	3%
Fund Balance Information				
Beginning Fund Balance	55,096,681	67,462,798	76,291,130	94,052,026
Ending Fund Balance	67,462,798	76,291,130	94,052,026	105,010,472
Balance as a % of Revenue	21%	23%	27%	30%
Months of Operating Balance	2.5	2.7	3.2	3.6
Additional Information				
% of Revenue that is Tuition	66%	65%	63%	61%
Remission Rate	9%	9%	9%	9%
Wages and Benefits as % of Total:	79%	79%	80%	81%

SOUTHERN OREGON UNIVERSITY

FINANCIAL RATIOS SUMMARY

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	(0.04)	0.03	0.08	0.10	>0.4
Viability Ratio	(0.10)	0.07	0.16	0.21	>1.0
Return on Net Assets	(5.0%)	(2.9%)	15.3%	11.2%	>6%
Net Operating Revenues	(10.5%)	(9.3%)	(3.7%)	(4.1%)	>4%
Composite Financial Index	(1.50)	(0.85)	1.59	1.25	N/A
Adjusted CFI*	0.78	1.15	3.53	4.24	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$10,275	\$7,553	\$3,418	(\$4,269)
<i>University/Foundation</i>	<i>\$1,861/\$8,414</i>	<i>(\$3,480)/\$11,033</i>	<i>(\$8,560)/\$11,697</i>	<i>(\$14,560)/\$10,291</i>
Expenses	\$98,187	\$95,756	\$101,930	\$106,526
Calculated Ratio	0.10	0.08	0.03	(0.04)

SOU's primary reserve has fallen substantially over the past four years and in FY20 fell below zero. A low primary reserve ratio indicates that available resources may not be sufficient or flexible enough to support the institution's mission. The decline from FY19 to FY20 was primarily due to net pension expenses, and increased university operating expenses.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$10,275	\$7,553	\$3,137	(\$4,269)
Total Long-Term Debt	\$48,679	\$45,935	\$44,743	\$42,463
Calculated Ratio	0.21	0.16	0.07	(0.10)

The value of total expendable net assets has been declining since FY17. As a result, in FY20 SOU's viability ratio dropped below zero, meaning they do not currently have the expendable resources to cover existing long-term debt. While long-term debt continues to decline, available expendable net assets have also declined.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	\$11,419	\$17,415	(\$3,728)	(\$6,367)
Total Beginning Net Position	\$102,229	\$113,648	\$130,289	\$126,561
Calculated Ratio	11.2%	15.3%	(2.9%)	(5.0%)

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution's total economic return. A positive return on net assets ratio means an institution is increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic investment in activities that will enhance net assets in the future.

SOU's performance on this ratio is continuing to decline due to increasing expenses and revenue declines. This negative ratio limits SOU's financial flexibility going forward.

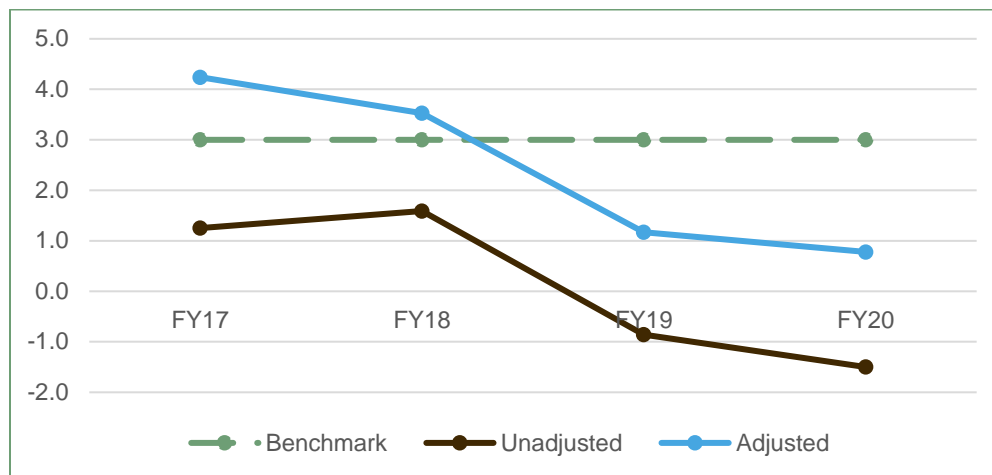
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	(\$3,851)	(\$3,454)	(\$8,655)	(\$10,139)
Total Operating Revenues	\$93,151	\$92,302	\$93,275	96,388
Calculated Ratio	(4.1%)	(3.7%)	(9.3%)	(10.5%)

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. SOU's net operating revenues ratio has been increasingly negative the past four years, although the decrease from FY19 to FY20 was less drastic than the prior year. Continued negative operating revenues may indicate an institution does not have the capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, SOU faces a challenging financial future. Given declining enrollment and increasing expenses, the need remains clear to further reengineer the institution to identify opportunities while preserving academic quality. SOU has made strides in the past couple years demonstrating they understand the financial position they are in, and are working to turn it around.

SOU – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	37,698,244	41,003,792	41,003,163	42,531,939
Less fee remissions	(3,586,840)	(4,243,385)	(3,637,765)	(3,964,601)
Net tuition	34,111,404	36,760,407	37,365,398	38,567,338
State operating appropriations	21,360,666	21,093,467	21,471,767	22,894,661
State debt service appropriations	179,160	179,160	179,160	179,160
Indirect cost recovery	200,424	206,958	150,967	162,151
All other	3,113,341	2,597,260	2,862,313	2,291,262
Total revenues	58,964,995	60,837,252	62,029,605	64,094,572
Expenses				
Salary & Wages	31,008,806	31,763,153	33,013,914	33,507,243
Benefits: Health	6,878,403	7,331,563	7,305,707	7,312,370
Benefits: Retirement	5,703,198	6,841,000	7,007,008	7,881,244
Benefits: Other	2,674,014	2,838,967	3,018,151	3,275,289
Supplies & Services	8,907,896	9,093,321	11,555,647	10,377,891
Capital Expenditures	193,507	193,744	176,436	99,152
Institutional Student Aid	-	-	-	-
Net Fund Transfers	2,266,381	2,481,400	1,738,814	1,913,438
Total expenses	57,632,205	60,543,147	63,815,677	64,366,627
Net Income (Loss)	1,332,790	294,105	(1,786,072)	(272,055)
As a % of Revenue	2.3%	0.5%	-2.9%	-0.4%
Fund Balance Information				
Beginning Fund Balance	6,876,514	6,845,089	7,139,194	5,353,122
Ending Fund Balance	6,845,089	7,139,194	5,353,122	5,081,067
Balance as a % of Revenue	11.6%	11.7%	8.6%	7.9%
Months of Operating Balance	1.4	1.4	1.0	1.0
Additional Information				
% of Revenue that is Tuition	58%	60%	60%	60%
Remission Rate	10%	10%	9%	9%
Wages and Benefits as % of Total:	80%	81%	79%	81%

UNIVERSITY OF OREGON

FINANCIAL RATIOS SUMMARY

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.33	0.72	0.69	0.70	>0.4
Viability Ratio	0.55	1.12	0.96	1.01	>1.0
Return on Net Assets	2.8%	9.1%	3.0%	29.2%	>6%
Net Operating Revenues	(4.4%)	(2.0%)	(4.7%)	(4.0%)	>4%
Composite Financial Index	1.26	3.58	2.58	5.31	N/A
Adjusted CFI*	3.20	4.63	3.74	7.25	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$757,194	\$764,401	\$831,506	\$518,515
<i>University/Foundation</i>	<i>\$41,151/\$716,043</i>	<i>\$2,593/\$761,808</i>	<i>(\$36,425)/\$867,931</i>	<i>(\$68,995)/\$587,510</i>
Expenses	\$1,080,401	\$1,103,329	\$1,160,391	\$1,593,043
Calculated Ratio	0.70	0.69	0.72	0.33

UO's primary reserve ratio was relatively steady from FY17 to FY19, at a level well above the established benchmark. In FY20 the primary reserve ratio dropped below the benchmark, primarily due to increased investment in capital assets, primarily a one-time capital project, Hayward Field. A significant portion of the expendable net assets were restricted foundation gifts, that were then transferred to the university in order to complete the project. .

Overall, UO’s primary reserve ratio equates to three months’ worth of expenses. However, this is due to almost entirely to foundation assets which are restricted but expendable. Indeed, without foundation assets, UO’s expendable net position in FY20 would have been negative, indicating that they likely do not have the level of flexibility it may first appear.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$757,194	\$764,401	\$831,506	\$518,515
Total Long-Term Debt	\$751,454	\$793,529	\$744,041	\$944,297
Calculated Ratio	1.01	0.96	1.12	0.55

UO’s viability ratio was stable from FY17 to FY19 at a level just below the benchmark due to strong overall expendable net assets. In FY20 the ratio dropped below the benchmark. As with the primary reserve ratio, this is primarily due to an increase in capital investments, due to the transfer of foundation funds for the Hayward Field project. At this point, UO could cover just over half of every dollar in debt owed with currently available assets. Again, this is due to the UO’s foundation assets.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	\$543,785	\$72,183	\$224,878	\$75,840
Total Beginning Net Position	\$1,860,764	\$2,390,144	\$2,462,327	\$2,687,205
Calculated Ratio	29.2%	3.0%	9.1%	2.8%

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution’s total economic return. UO’s performance on this ratio was well above the benchmark in FY19 and dropped to just under half the benchmark for FY20. These swings were due primarily to increases in foundation assets during FY19. A return on net assets ratio at this level indicates that UO has less financial flexibility going forward.

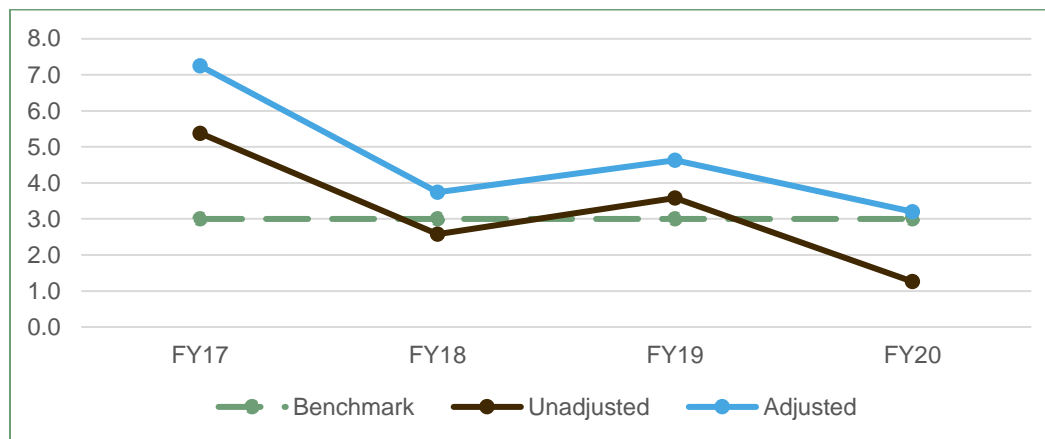
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	(\$42,114)	(\$49,050)	(\$23,296)	(\$67,796)
Total Operating Revenues	\$1,060,861	\$1,053,085	\$1,137,095	\$1,525,247
Calculated Ratio	(4.0%)	(4.7%)	(2.0%)	(4.4%)

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. UO's net operating revenues ratio has been slightly negative during the past four years. Although these losses were small, continuing negative operating revenues ratios may indicate that an institution does not currently have capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, UO's financial position is diminished compared to the previous year. The CFI dropped below the benchmark in FY20, and it is generally trending down. While the UO has faced considerable financial pressures the last few years, the negative CFI trends are magnified due to the flow of restricted capital gifts into and out of the Foundation during the last few years.

UO – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	444,251,249	460,850,634	462,631,526	478,616,619
Less fee remissions	(42,666,154)	(45,617,725)	(44,177,455)	(53,611,282)
Net tuition	401,585,095	415,232,909	418,454,072	425,005,337
State operating appropriations	65,999,988	70,210,908	71,910,651	78,719,195
State debt service appropriations	801,356	801,356	801,359	801,356
Indirect cost recovery	21,895,847	22,610,802	24,619,477	25,087,226
All other	21,757,674	17,503,613	16,763,428	15,857,545
Total revenues	512,039,960	526,359,588	532,548,986	545,470,659
Expenses				
Salary & Wages	256,363,605	250,646,818	257,825,362	264,475,179
Benefits: Health	53,067,352	-	-	-
Benefits: Retirement	43,685,075	-	-	-
Benefits: Other	42,836,196	162,360,252	167,111,389	182,613,758
Supplies & Services	79,327,868	83,444,653	96,141,367	89,236,178
Capital Expenditures	7,437,754	5,011,157	5,215,820	3,721,532
Institutional Student Aid	4,444,108	5,430,091	5,882,527	5,515,265
Net Fund Transfers	20,542,861	13,045,334	11,829,666	7,007,520
Total expenses	507,704,819	519,938,305	544,006,131	552,569,432
Net Income (Loss)	4,335,142	6,421,283	(11,457,144)	(7,098,773)
As a % of Revenue	1%	1%	-2%	-1%
Fund Balance Information				
Beginning Fund Balance	67,430,541	73,534,267	77,206,732	63,821,675
Net Operating	4,335,142	6,421,283	(11,457,144)	(7,098,773)
Accounting Adjustments	1,818,584	(1,879,287)	(1,927,913)	(2,250,903)
Ending Fund Balance	73,584,267	78,076,263	63,821,675	54,471,999
Balance as a % of Revenue	14%	15%	12%	10%
Months of Operating Balance	1.7	1.8	1.4	1.2
Additional Information				
% of Revenue that is Tuition	78%	79%	79%	78%
Remission Rate	10%	10%	10%	11%
Wages and Benefits as % of Total:	78%	79%	78%	81%

WESTERN OREGON UNIVERSITY

FINANCIAL RATIOS SUMMARY

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.09	0.24	0.23	0.21	>0.4
Viability Ratio	0.21	0.48	0.47	0.42	>1.0
Return on Net Assets	(1.0%)	7.2%	7.3%	(2.5%)	>6%
Net Operating Revenues	(16.1%)	(1.3%)	(1.8%)	(5.6%)	>4%
Composite Financial Index	(0.91)	1.65	1.58	0.22	N/A
Adjusted CFI*	1.12	2.67	2.94	4.64	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$24,267	\$25,716	\$26,676	\$11,222
<i>University/Foundation</i>	<i>\$18,487/\$5,780</i>	<i>\$19,692/\$6,024</i>	<i>\$19,949/\$6,727</i>	<i>\$4,154/\$7,068</i>
Expenses	\$115,215	\$112,452	\$112,157	\$118,920
Calculated Ratio	0.21	0.23	0.24	0.09

WOU's primary reserve ratio had been largely stable from FY 17-19 but fell in FY20, and remained short of the benchmark. Overall, WOU's expendable net assets fell 53.8%, with the entire decrease occurring between FY19 and FY20. The sharp decline was due to a number of factors including the cash purchase of a building for WOU Salem operations, reduced student enrollment, and increased operating expenses. PERS costs alone increased \$3.1M from FY19 to FY20. With a low level of reserves (just over a month), WOU is at potential risk should institutional finances worsen.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$24,267	\$25,716	\$26,676	\$11,222
Total Long-Term Debt	\$58,040	\$55,184	\$55,205	\$52,370
Calculated Ratio	0.42	0.47	0.48	0.21

As with its primary reserve ratio, WOU's viability ratio fell substantially from FY19 to FY20 due to the reasons described above, declines in enrollment and operating revenues along with PERS increases. At the present time, WOU can cover just 21 cents of every dollar currently owed, indicating it should not increase current levels of debt as doing so might further imperil its financial position.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	(\$2,367)	\$6,670	\$7,044	(\$1,031)
Total Beginning Net Position	\$95,277	\$91,651	\$98,321	\$105,364
Calculated Ratio	(2.5%)	7.3%	7.2%	(1.0%)

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution's total economic return. WOU showed substantial improvement in this ratio from FY17 to FY18, which was sustained in FY19, both of which were just above the established benchmark. As with its other ratios, WOU saw a sharp decline in FY20 to a slightly negative level, although not a level that, on its own, would cause much concern. It is worth monitoring WOU's performance to see if this trend continues to determine if WOU will have additional assets to invest in the short to mid-term.

NET OPERATING REVENUES RATIO

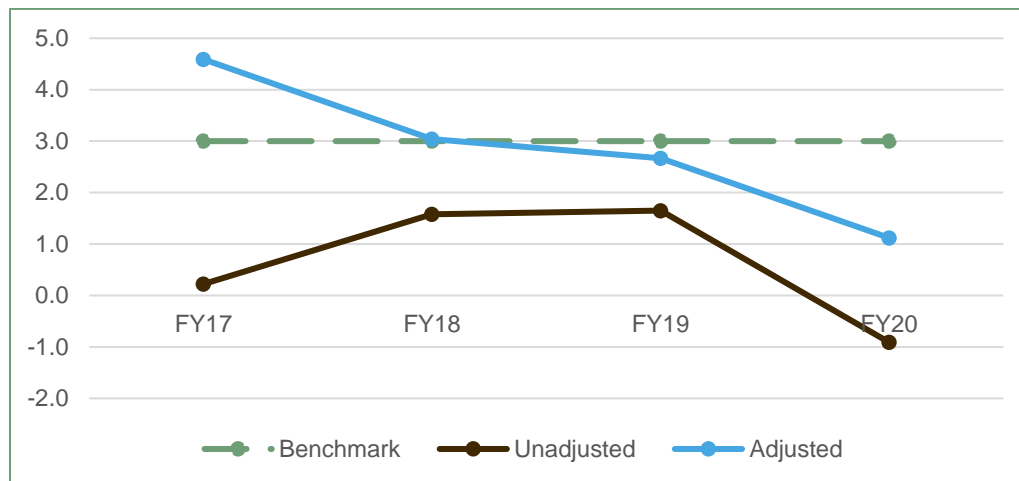
Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	(\$6,102)	(\$1,973)	(\$1,419)	(\$16,470)
Total Operating Revenues	\$108,287	\$110,479	\$110,738	\$102,451
Calculated Ratio	(5.6%)	(1.8%)	(1.3%)	(16.1%)

As with their other ratios, WOU's net operating revenues ratio decreased sharply in FY20 after remaining relatively stable over the prior two years. However, WOU has seen negative net operating revenues ratios the past four years. This sharp decline was due principally to declines of over 20% in both student tuition and fees (enrollment) and auxiliary revenues. The enrollment decline continued a trend WOU had experienced for the past several years while the auxiliary revenue drop was due principally to operational changes related to the pandemic.

These are among the reasons WOU is engaged in a holistic process to “right size” its institution and stabilize its financial position. These efforts are necessary because continuing to generate negative net operating revenues may indicate an institution does not currently have the capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

As noted by WOU itself and in the press, WOU's finances, and their institution as a whole, are undergoing challenging times. WOU's current efforts to "right size" their institution is necessary and will hopefully produce positive benefits for the institution. This is particularly important in a challenging fiscal environment and one where enrollment is expected to continue to decline. These efforts should be closely monitored and evaluated for their impact on the institution and its finances.

WOU – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	43,546,146	45,924,279	44,900,840	41,518,577
Less fee remissions	(4,218,552)	(4,136,254)	(5,097,159)	(6,583,183)
Net tuition	39,327,594	41,788,025	39,803,681	34,935,394
State operating appropriations	23,496,204	24,123,769	24,965,879	27,134,107
State debt service appropriations	391,692	382,188	382,188	382,188
Indirect cost recovery	617,307	533,604	739,683	701,637
All other	3,765,372	3,705,233	4,317,434	3,779,304
Total revenues	67,598,169	70,532,819	70,208,865	66,932,630
Expenses				
Salary & Wages	36,160,923	35,626,207	39,172,215	38,132,694
Benefits: Health	8,367,576	8,581,398	8,851,894	9,384,789
Benefits: Retirement	7,306,094	8,348,409	8,521,015	9,801,128
Benefits: Other	2,636,022	2,653,149	3,007,108	3,294,351
Supplies & Services	7,383,436	6,745,532	7,555,483	7,810,405
Capital Expenditures	454,125	264,117	453,612	411,109
Institutional Student Aid	-	-	384	-
Net Fund Transfers	4,770,793	3,999,260	4,834,025	5,885,587
Total expenses	67,078,968	66,218,071	72,395,735	74,720,063
Net Income (Loss)	519,201	4,314,748	(2,186,870)	(7,787,433)
As a % of Revenue	1%	6%	-3%	-12%
Fund Balance Information				
Beginning Fund Balance	11,293,642	11,322,843	15,637,591	12,955,720
Additions/Deductions	(490,000)	-	(495,000)	1,071,891
Ending Fund Balance	11,322,843	15,637,591	12,955,720	6,240,178
Balance as a % of Revenue	17%	22%	18%	9%
Months of Operating Balance	2.0	2.7	2.2	1.1
Additional Information				
% of Revenue that is Tuition	58%	59%	57%	52%
Remission Rate	10%	9%	11%	16%
Wages and Benefits as % of Total:	81%	83%	82%	81%

APPENDIX

Public Universities Enrollment FTE Count, All Students, Fall Fourth Week

	EOU	OIT	OSU	PSU	SOU	UO	WOU	TOTAL
2002-03	2,551	2,380	18,124	15,564	4,243	19,128	4,380	66,369
2003-04	2,412	2,413	18,310	16,362	4,312	19,301	4,324	67,433
2004-05	2,342	2,410	18,141	16,348	4,021	19,750	4,140	67,151
2005-06	2,424	2,316	18,172	16,812	3,853	19,697	4,106	67,378
2006-07	2,332	2,212	18,205	16,981	3,762	19,609	4,011	67,111
2007-08	2,294	2,267	18,381	17,299	3,765	19,496	4,201	67,703
2008-09	2,389	2,381	18,767	18,753	3,850	20,762	4,412	71,315
2009-10	2,647	2,588	20,304	19,996	3,930	21,689	4,697	75,851
2010-11	2,838	2,576	21,994	20,476	4,524	22,631	5,049	80,090
2011-12	2,906	2,624	23,066	20,459	4,678	23,450	5,127	82,309
2012-13	2,903	2,809	23,957	20,226	4,573	23,378	5,106	82,953
2013-14	2,694	2,941	25,023	20,270	4,351	23,230	4,974	83,483
2014-15	2,392	2,905	25,431	20,214	4,347	22,832	4,761	82,883
2015-16	2,274	3,108	25,878	20,162	4,408	22,598	4,513	82,941
2016-17	2,221	3,239	26,527	19,721	4,293	22,629	4,529	83,159
2017-18	2,152	3,236	26,865	19,563	4,383	22,207	4,452	82,857
2018-19	2,171	3,218	26,779	19,252	4,204	22,081	4,310	82,015
2019-20	2,133	3,247	27,120	18,816	4,029	22,105	4,068	81,520
2020-21	2,124	3,214	27,013	17,428	3,512	21,263	3,769	78,323

+20.7%

- 4.8%

10 Year Change (11-12 to 20-21)

-26.9%	22.5%	17.1%	-14.8%	-24.9%	-9.3%	-26.5%	-4.8%
--------	-------	-------	--------	--------	-------	--------	-------

1 Year Change (19-20 to 20-21)

-0.4%	-1.0%	-0.4%	-7.4%	-12.8%	-3.8%	-7.4%	-3.9%
-------	-------	-------	-------	--------	-------	-------	-------

FY2020 General Fund Financial Data

(amounts in \$ thousands)

	EOU	OIT	OSU	PSU	SOU	UO	WOU	TOTAL
Gross tuition and fees	24,013	39,203	441,286	233,174	42,532	478,617	41,519	1,300,343
Less fee remissions	(2,897)	(4,697)	(46,160)	(20,536)	(3,965)	(53,611)	(6,583)	(138,449)
Net tuition	21,116	34,507	395,126	212,638	38,567	425,005	34,935	1,161,894
State appropriations	21,159	31,177	146,512	104,836	22,895	78,448	27,134	432,160
State debt service	638	134	1,073	2,182	179	1,073	382	5,660
Indirect cost recovery	281	392	42,503	11,087	162	25,087	702	80,214
All other	1,240	2,375	34,305	15,613	2,291	15,858	3,779	75,461
Total revenues	44,434	68,584	619,518	346,355	64,095	545,471	66,933	1,755,389
Salary & Wages	21,758	31,729	304,993	179,117	33,507	264,475	38,133	873,712
Benefits: Health	5,594	7,633	61,241	29,228	7,312	-	9,385	120,392
Benefits: Retirement	5,348	6,631	63,166	39,892	7,881	-	9,801	132,718
Benefits: Other	1,770	2,456	42,415	22,572	3,275	182,614	3,294	258,397
Supplies & Services	7,277	13,768	116,647	59,977	10,378	89,236	7,810	305,094
Capital Expenditures	422	449	7,530	1,477	99	3,722	411	14,110
Institutional Student Aid	-	84	1,949	946	-	5,515	-	8,494
Net Fund Transfers	(76)	3,037	15,957	2,188	1,913	7,008	5,886	35,913
Total expenses	42,093	65,787	613,898	335,397	64,367	552,569	74,720	1,748,830
Net Income (Loss)	2,341	2,797	5,620	10,958	(272)	(7,099)	(7,787)	6,559
As a % of Revenue	5%	4%	1%	3%	-0.4%	-1%	-12%	0.4%
Additional Data:								
% of Revenue that is Tuition	48%	50%	64%	61%	60%	78%	52%	66%
Remission Rate	12%	12%	10%	9%	9%	11%	16%	11%
Personnel as % of Total	82%	74%	77%	81%	81%	81%	81%	79%

FY2020 Tuition Collections and Remission Information

Institution	Resident Tuition	Nonresident Tuition	Other Tuition*	Total Tuition Collected	Resident Remissions	Non-Resident Remissions	Net Tuition Collected
Eastern Oregon University	19,260,353	3,184,452	1,567,764	24,012,569	1,819,631	1,077,051	21,115,887
Oregon Institute of Technology	18,256,522	9,707,021	11,239,901	39,203,444	4,696,630	-	34,506,814
Oregon State University	151,692,867	139,038,410	139,423,344	430,154,621	19,866,448	26,293,888	383,994,285
Portland State University	139,544,915	71,298,597	22,330,060	233,173,572	11,659,523	8,876,323	212,637,726
Southern Oregon University	23,469,614	14,251,350	4,801,975	42,522,939	3,955,601	-	38,567,338
University of Oregon	136,596,158	294,171,270	47,849,191	478,616,619	29,676,380	23,934,902	425,005,337
Western Oregon University	18,746,944	9,137,747	13,633,885	41,518,576	4,964,427	1,618,756	34,935,393
TOTAL	\$ 507,567,373	\$ 540,788,847	\$ 240,846,120	\$ 1,289,202,340	\$ 76,638,640	\$ 61,800,920	\$ 1,150,762,780
% of Total	39%	42%	19%	100%	6%	5%	89%

*Other tuition includes online, CTE, professional development, etc.

Institution	Resident FTE		Non-Resident FTE		Total FTE**		Net Tuition per FTE		FTE by Type	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Eastern Oregon University	1,360	764	2,124	2,758	12,824	2,758	64%	36%	64%	36%
Oregon Institute of Technology	2,443	772	3,215	12,582	5,551	12,582	76%	24%	76%	24%
Oregon State University	15,518	11,495	27,013	9,808	8,495	9,808	57%	43%	57%	43%
Portland State University	13,474	3,954	17,428	15,786	9,491	15,786	77%	23%	77%	23%
Southern Oregon University	2,211	1,301	3,512	10,952	8,828	10,952	63%	37%	63%	37%
University of Oregon	10,519	10,745	21,263	25,151	10,165	25,151	49%	51%	49%	51%
Western Oregon University	2,911	858	3,769	8,762	4,734	8,762	77%	23%	77%	23%
TOTAL	48,435	29,889	78,325	16,025	8,897	\$ 16,025	62%	38%	62%	38%

**fall, fourth week FTE enrollment

