

Oregon TECH

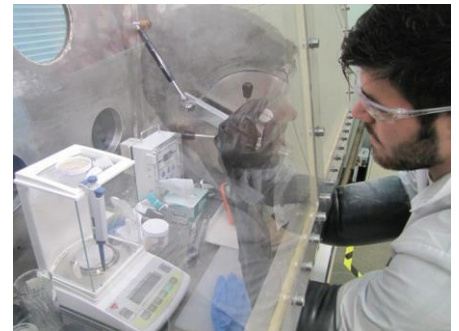
Student & University Support Funds: Ensuring Students Succeed to Degree

Oregon Tech Supports Students with Diverse Resources

Oregon Tech supports our students through high quality academic programs, a diverse array of support services that help students succeed and earn degrees, and engagement in applied and other experiential activities that prepare them for the workforce. Supporting students with diverse programs requires a variety of resources. In recent years, due to the recession's impact on state resources and concurrent increases in enrollment, State General Fund support for Oregon Tech students has declined substantially. This has placed more pressure on student tuition to make up for lower General Fund appropriations. Currently **student tuition and fees are the largest revenue source to support students**, making up almost 60% of Oregon Tech fund sources (and would be an even greater percentage if we did not serve such a high percentage of Oregon students).

Top Priority: Serving Student Instruction Needs

Because of the **need to spread university resources over many months to several years**, Oregon Tech must ensure that it has adequate resources available to pay for both **known commitments that serve students** – such as paying faculty and staff, maintaining and repairing classrooms, funding long-term facility commitments including instructional equipment leases and maintenance agreements – **and unknown future expenses**, such as emergency repairs, major system breakdowns, or additional part-time faculty and staff to meet enrollment and new programs. Student instruction and support costs are funded from tuition and other revenues, called **Fund Balances** in common accounting terms.



Tuition and fee revenues are collected by campuses at the beginning of each term, and **are spread over one or more academic years to pay for all areas related to student instruction and success**, including student retention and academic support programs. These Funds, as well as other revenues, are collectively used to pay current faculty and staff, fund academic programs overall, moderate tuition increases, cover decreases in or inadequate state funding, repair and maintain classrooms, and bring in additional faculty to provide instruction to more than 4,200 students in Klamath Falls, Wilsonville, partner sites, and online. Oregon Tech is fiscally cautious and typically hires part-time faculty and temporary staff to meet enrollment demand and new programs in the short-run. When enrollment is sustained for multiple terms, permanent faculty and staff are recruited to serve the increased number of students. When hiring faculty, Oregon Tech also must provide resources to meet laboratory, technology and other equipment needs for them to be efficient and effective in preparing students for careers and jobs in today's workforce.

Being Accountable: Mitigating State and University Risks

Oregon Tech is required to maintain adequate levels of Fund Balances to support student instruction and direct services, to mitigate current and future risks (e.g., revenue shortfalls and unanticipated or emergency expenditures), and to ensure stable tuition rates. Fund Balance levels are related to all of this, and are a crucial consideration in long-term financial planning. Credit-rating agencies monitor Fund Balance levels to evaluate a university's continued creditworthiness. The adequacy of the Fund Balance

is assessed based upon a university's own specific circumstances. The Government Finance Officers Association recommends, at a minimum, that universities, regardless of size, **maintain total Fund Balances of no less than two months of regular operating revenues**. A university's particular situation often may require levels of total Fund balances significantly in excess of this recommended minimum level (see sidebar example).

Stewardship Role: Ensuring Appropriate Student Support and Fund Levels

In establishing a policy governing the level of Fund Balances to support students and university operations and risks, the following factors are considered:

- The **predictability of Oregon Tech's revenues** and the volatility of its expenditures, e.g., higher levels of Fund Balances may be needed if significant revenue sources are subject to unpredictable fluctuations (such as a new Outcomes-based Funding formula), or if operating expenditures are highly volatile;
- Oregon Tech's perceived exposure to significant one-time outlays, e.g., **disasters (fires, earthquakes, etc.)**, immediate capital needs, state budget cuts;
- **Liquidity issues**, such as an imbalance between when revenues actually become available and the need to cover existing liabilities immediately, which may require that a higher level of Fund Balance be maintained to cover these; and
- Commitments and assignments, e.g., Oregon Tech may need to maintain higher levels of Fund Balances to compensate for any portion of unrestricted fund balance already committed or **dedicated by the university for a specific purpose**.

Campus Use of Student Support Funding: Tunnels Example

When the tunnels on campus collapsed in 2013, it was an urgent problem that could not wait for all of the governance and treasury approvals to be addressed. The campus community was at risk and it put major areas of the campus off limits.

Oregon Tech had to fund the immediate emergency repairs using Education and General (E&G) Fund Balance. Due to the timing of the bond sale these repairs are not eligible to be reimbursed from the bonds. The bonds will be used to address the remaining tunnel issues in the summer of 2015. These types of major facilities issues can precipitate further property damage and campus safety issues if left unchecked.



Helping students succeed throughout their time at Oregon Tech and earn a degree is everyone's collective goal.

Through prudent use of Fund Balances for student support and university operations, Oregon Tech can ensure that expected and unexpected expenditures do not inhibit the ability of the university to first and always serve our students and meet Oregon's important student, workforce, and economic outcomes, including the critical 40-40-20 goal.

For More Information

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