



Public University Funding

PRESENTED TO THE JOINT
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON EDUCATION

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Postsecondary Finance & Capital

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General Information

Governmental entity not considered a state agency, ORS 352.033; “public bodies legally separate from the state”.

The governing board has the ultimate authority over institutional finances.

Donations are received by affiliated nonprofit foundations.

Tax exempt;
accrual basis

Business type
activity

Eligible for
Article XI-Q
bonds

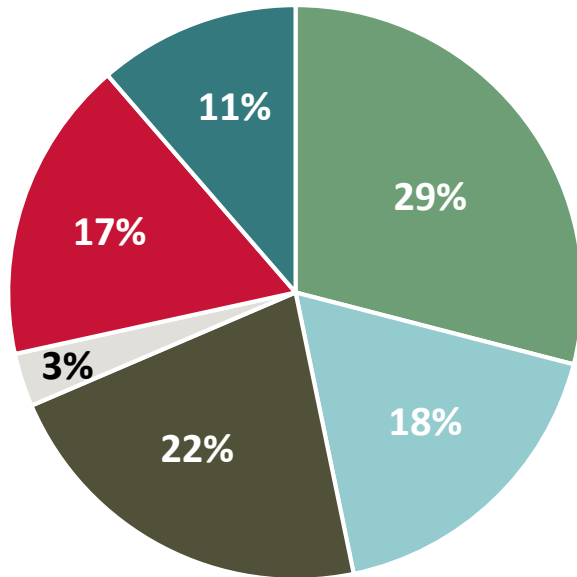
Fund Accounting

- Commonly used to track activity by legal requirement or intended purpose.
- Each fund is a separate set of self-balancing accounts.
- Helps facilitate management and required reporting.

Source Note: Dean Smith, *University Finances: Accounting and Budgeting Principles for Higher Education*, John Hopkins University Press, 2019. Fund examples are included in the appendix.

All Sources and Uses of Funding, FY2022

**Sources,
\$3.56 billion**

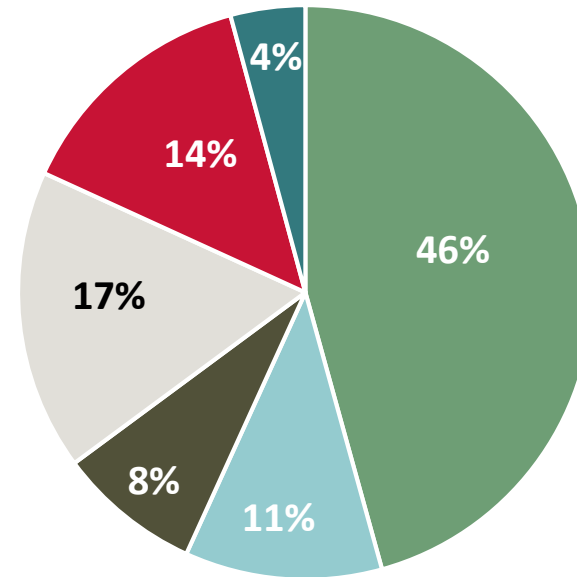


■ Tuition & Fees ■ State ■ Federal
■ Grants ■ Auxiliary ■ Other

Largest source of revenue is tuition/fees; largest expense is instruction (and related support). National comparison of revenues is below.

Source	Portion
Tuition/Fees	19%
State	20%
Federal	18%
Grants	8%
Auxiliary	11%
Other	24%

**Uses,
\$3.23 billion**



■ Instruction ■ Research ■ Public Service
■ Auxiliary ■ Inst Support ■ Other

Source and Notes: Summary of FY2022 audited financial statements. Includes all funds and all activities. Does not include foundation. Uses are listed by functional expense with definitions in the appendix. Source for national comparison is NCES IPEDS, FY2021, public institutions.

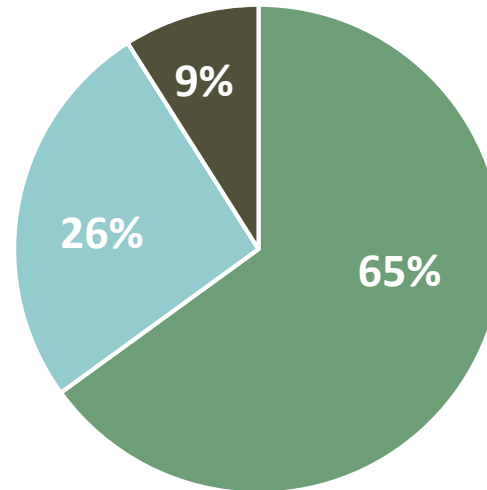
More on Revenues and Expenses

More reliant on tuition and fee revenue with state funding at 26%.

Often discounted with avg remission rate at 14% or about \$2,400 per student.

Tuition setting is complex. ORS 352.103 includes requirements for annual process.

General Fund Revenue, FY2022



- Tuition and Fees
- State Appropriations
- Other Revenue

Largest expense by natural classification is personnel. Both wages and benefits. About 80%.

Some expenses are outside the control of the university. Like PERS rates.

Federal Funding Overview

State Funding

- Typically funds general operations (PUSF) as well as financial aid grants to students (OOG, other programs).
- Also for research and public service (state programs, SWPS).

Federal Funding

- Typically provides financial aid (loans and grants) to individual students and funds specific research and public service projects.
- Accounting is complicated as noted below.

Generally, institutions report scholarships as tuition discounts. Pell grants are recorded as a tuition discount and as grant revenue. Federal student loans are agency transactions, and do not result in either revenues or expenses.

Federal Clusters

Student
Financial Aid



Research



Public
Service



Economic
Development

Source Note: National Assoc of College and University Business Officers (NACUBO), Fin Acct and Reporting Manual for Higher Education (FARM), Sections 360, 403, and 460.

Schedule of Expenditure of Federal Awards, FY2022

	Student Aid Loans	Student Aid Grants	Research	HEERF	Other	Total
EOU	12,378,867	4,750,903	190,182	4,018,311	2,831,242	24,169,505
OIT	16,628,870	4,787,369	339,759	10,564,393	1,005,166	33,325,557
OSU	148,309,597	32,404,126	236,852,017	46,857,331	29,060,833	493,483,904
PSU	85,543,539	36,351,628	30,403,023	46,567,787	9,869,945	208,735,922
SOU	16,853,033	6,288,448	182,325	12,009,322	673,692	36,006,820
UO	152,762,081	23,295,922	101,376,930	46,151,190	18,959,034	342,545,157
WOU	18,962,965	7,327,824	5,567	7,170,579	6,382,206	39,849,141
Totals	451,438,952	115,206,220	369,349,803	173,338,913	68,782,118	1,178,116,006
	38%	10%	31%	15%	6%	

Source and Notes: Summary of FY2022 audited Schedules of Federal Awards (SEFA). The “Other” category includes workforce, public service, and economic development. HEERF is higher education emergency relief funding from the pandemic. Does not include \$23.3M in GI Bill benefits for 2,469 post-9/11 veterans received during FY2022.

Key Takeaways

1

The federal government is an important funding partner. The funding flows directly to the institutions. Much of it for student loans and research.

2

Student affordability is impacted by both institution support funding (PUSF), state financial aid funding (OOG, other programs), and other factors.

3

Grant aid, especially state aid, is proven to support completion – specifically for low-income students receiving an OOG.



Appendix

Typical University Fund Groups

Fund Group	Characteristics	Examples of Funding Sources
Current: Unrestricted	Available in current fiscal year. No outside person or agency based restrictions on spending.	Tuition and fees; state appropriations for instruction and student support; interest earnings; sales of goods and services
Current: Restricted	Also available in current fiscal year; includes outside restrictions on spending.	Endowment funds; state appropriations for specific purposes; grants and contracts for research, public service, or student financial aid
Noncurrent: Endowment	Often invested “in perpetuity.” Only proceeds can be spent or made available for specific purposes.	Endowment principle or corpus.
Noncurrent: Loan	Loan funds are distributed to students.	Gifts and federal funds to provide loans to students.
Noncurrent: Plant	Plant funds are associated with purchasing and maintaining the university’s physical plant and assets.	State bond funds for buildings and equipment; money borrowed for construction or equipment.
Noncurrent: Agency	Agency funds are held by the university as a fiscal agent for an organization or entity.	Student organizations; alumni associations; some federal student loans

Source Note: Dean Smith, *University Finances: Accounting and Budgeting Principles for Higher Education*, John Hopkins University Press, 2019.

Functional Expense Classification

Term	Definition
Instruction	Includes expenses for all activities that are part of an institution's instruction program. Credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions are included.
Research	All expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Not limited to sponsored research.
Public Service	Expenses for activities established primarily to provide non-instructional services for the benefit of individuals and groups that are external to the institution. These activities include community service programs (excluding instructional activities), cooperative extension services, conferences, institutes, and general advisory services.
Academic Support	Includes expenses incurred to provide support services for the institution's primary programs of instruction, research, and public service. This includes services that directly assist the academic functions of the institution.
Student Services	Includes expenses incurred for offices that, as their primary purpose, contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. This includes admissions, registrar, student activities and organizations, counseling and career guidance, student aid administration, and student health service (if not auxiliary), among others.

Source Note: National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual for Higher Education (FARM) Section 701.

Functional Expense Classification (continued)

Term	Definition
Institutional Support	Includes expenses for central, executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, legal services, and fiscal operations among others.
Scholarships and Fellowships	Includes expenses for scholarships and fellowships—from restricted or unrestricted funds—in the form of grants that neither require the student to perform service to the institution as consideration for the grant, nor require the student to repay the amount of the grant to the funding source. In public institutions, they may result from selection by the institution or from an entitlement program like Pell. The classification also includes trainee stipends, prizes, and awards.
Auxiliary Enterprise	Includes all expenses relating to the operation of auxiliary enterprises (like housing, food service, or athletics designed to be self supporting). Because of a desire to assess whether the enterprise is self-supporting, expenses for operation and maintenance of plant, depreciation, interest, and administration may be charged directly or allocated, even though that allocation is not required of public institutions for financial statement purposes.
Operations and Maintenance of Plant	Includes all expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant.

Source Note: National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual for Higher Education (FARM) Section 701.