Financial Statement Analysis
Oregon University System
2003-04 to 2007-08

Michael Green, Associate Vice Chancellor, Finance & Administration and Controller, OUS
Caveats and Disclaimers

- Fourth year presenting financial ratios and indicators for Board consideration
- Modeled after University of North Dakota System report
- Included peer analysis beginning last year
- Intended to provide better understanding of OUS’ financial condition by presenting key financial information
Caveats and Disclaimers (cont.)

• Using preliminary (unaudited) financial statement information that is subject to change

• OUS reporting items of note:
  – The Chancellor’s Office books contain some cash and investment entries needed to reconcile to the State’s financial records
  – The Chancellor’s Office books contain certain Systemwide investment and debt balances that have not been allocated to the institutions

• Excludes activity from the Federal Direct Student Loan program
Caveats and Disclaimers (cont.)

- Mission differences can significantly affect these ratios, e.g., research activities, statewide public service activities, etc.

- This analysis includes revenues and expenditures from all funds, thus these numbers may differ from other analyses.

- No single ratio or set of ratios will ever answer all the questions.
Overview

• OUS full-time equivalent enrollment increased to 71,919 for FY 2008, a 0.8% increase over FY 2007
• State funding in FY 2008 rebounded to the FY 2004 level of 24% of revenues
• Operating losses have continued at some institutions
• OUS institutions have less financial resources than their peers
• OUS institutions spend more on Core Services as a percentage of revenues than their peers
• OUS institutions spend less on Student Services and Administration and Physical Plant than their peers
• OUS faculty bring in more research revenue than their peers
Enrollment 2007-08
Projected versus Actual

- Systemwide, FTE growth was 0.8%, which was 0.3% below original projections

<table>
<thead>
<tr>
<th>Institution</th>
<th>Projected One-Year Growth Rate</th>
<th>Actual One-Year Growth Rate</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>-5.8%</td>
<td>-1.0%</td>
<td>4.8%</td>
</tr>
<tr>
<td>OIT</td>
<td>-0.3%</td>
<td>1.3%</td>
<td>1.6%</td>
</tr>
<tr>
<td>OSU</td>
<td>1.9%</td>
<td>0.4%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Cascades</td>
<td>3.2%</td>
<td>4.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>PSU</td>
<td>2.4%</td>
<td>1.5%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>SOU</td>
<td>0.5%</td>
<td>0.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>UO</td>
<td>0.7%</td>
<td>-0.3%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>WOU</td>
<td>-0.5%</td>
<td>5.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Total OUS</td>
<td>1.1%</td>
<td>0.8%</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>
## Current Ratio

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>2.0</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>OIT</td>
<td>2.6</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>OSU</td>
<td>2.2</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>PSU</td>
<td>1.5</td>
<td>2.0</td>
<td>1.5</td>
</tr>
<tr>
<td>SOU</td>
<td>2.3</td>
<td>2.3</td>
<td>1.8</td>
</tr>
<tr>
<td>UO</td>
<td>2.0</td>
<td>2.3</td>
<td>1.9</td>
</tr>
<tr>
<td>WOU</td>
<td>2.9</td>
<td>2.8</td>
<td>2.8</td>
</tr>
</tbody>
</table>
Several institutions have sustained operating losses

### Income (Loss) Before Other Revenues, Expenses, Gains, and Losses

(Dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2007</th>
<th>FY 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>$0.0</td>
<td>($1.8)</td>
<td>$2.1</td>
</tr>
<tr>
<td>OIT</td>
<td>(0.6)</td>
<td>(0.2)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>OSU</td>
<td>(1.8)</td>
<td>(12.6)</td>
<td>13.1</td>
</tr>
<tr>
<td>PSU</td>
<td>14.7</td>
<td>10.7</td>
<td>9.9</td>
</tr>
<tr>
<td>SOU</td>
<td>(1.5)</td>
<td>(2.3)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>UO</td>
<td>(10.7)</td>
<td>13.4</td>
<td>(2.6)</td>
</tr>
<tr>
<td>WOU</td>
<td>(1.0)</td>
<td>(0.6)</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>
Trend and Peer Analysis

- Peer analysis includes only those peer institutions that publish financial statements in accordance with GAAP (each OUS institution has at least five peers in this analysis)

- Peer ratios are provided as a frame of reference

- Peer comparison is of FY 2007 data

- Currently reviewing our selected Peers and our peer institutions may change in future analyses
OUS Contribution Ratio

Contribution Ratio - OUS

Oregon University System
Funding per student against peers

State Appropriation Funding per Student FTE - Peer Comparison

EOU  OIT  SOU  WOU  OSU  PSU  UO

2007  Peer Avg 2007

Oregon University System
Tuition and Fees per student against peers

Tuition and Fees (net) per student FTE - Peer Comparison

EOU OIT SOU WOU OSU PSU UO

$11,377
$8,675
$4,913
$4,464
$4,853
$7,232
$6,792
$6,266
$4,315
$4,323
$4,323
$3,760
$4,323
$6,704
$7,232
$6,792
$8,675
$11,377

Oregon University System
Grant, contract revenue: faculty vs peers

Grants and Contract Revenues per Full-time Faculty - Peer Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$70,889</td>
<td>$49,462</td>
<td>$62,952</td>
<td>$239,837</td>
<td>$171,716</td>
<td>$97,401</td>
<td>$49,462</td>
<td>$201,944</td>
</tr>
<tr>
<td></td>
<td>$58,844</td>
<td></td>
<td></td>
<td></td>
<td>$74,768</td>
<td>$54,427</td>
<td></td>
<td>$142,804</td>
</tr>
<tr>
<td></td>
<td>$49,462</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$49,462</td>
<td></td>
<td>$91,608</td>
</tr>
</tbody>
</table>

Oregon University System
Core Service expenditures vs peers

Core Service Expenditures as percentage of Revenues - Peer Comparison
Core Service = instruction, research, public service (excluding Auxiliary Enterprises)

<table>
<thead>
<tr>
<th>Institution</th>
<th>2007</th>
<th>Peer Avg 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>46.6%</td>
<td>53.7%</td>
</tr>
<tr>
<td>OIT</td>
<td>45.4%</td>
<td>47.3%</td>
</tr>
<tr>
<td>SOU</td>
<td>47.3%</td>
<td>53.1%</td>
</tr>
<tr>
<td>WOU</td>
<td>51.0%</td>
<td>45.4%</td>
</tr>
<tr>
<td>OSU</td>
<td>67.0%</td>
<td>63.3%</td>
</tr>
<tr>
<td>PSU</td>
<td>57.2%</td>
<td>49.2%</td>
</tr>
<tr>
<td>UO</td>
<td>57.9%</td>
<td>47.6%</td>
</tr>
</tbody>
</table>

Oregon University System
Instructional costs vs peers

Instruction costs per student FTE - Peer Comparison
(excluding Auxiliary Enterprises)

EOU  2007: $6,127  Peer Avg 2007: $5,142
SOU  2007: $6,041  Peer Avg 2007: $5,142
WOU  2007: $5,200  Peer Avg 2007: $5,142
OSU  2007: $8,149  Peer Avg 2007: $11,472

Oregon University System
Support services, student aid vs peers

Support Services and Student Aid as percentage of Revenues - Peer Comparison
Academic Support, Student Services and Student Aid (excluding Auxiliary Enterprises)

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>SOU</th>
<th>WOU</th>
<th>OSU</th>
<th>PSU</th>
<th>UO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>21.9%</td>
<td>20.9%</td>
<td>24.5%</td>
<td>22.9%</td>
<td>12.3%</td>
<td>17.8%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Peer Avg 2007</td>
<td>25.4%</td>
<td>23.9%</td>
<td>25.4%</td>
<td>25.4%</td>
<td>14.0%</td>
<td>25.3%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

Oregon University System
Student services costs vs peers

Student Services costs per Student FTE - Peer Comparison
(excluding Auxiliary Enterprises)

<table>
<thead>
<tr>
<th>University</th>
<th>2007</th>
<th>Peer Avg 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>$1,259</td>
<td>$861</td>
</tr>
<tr>
<td>OIT</td>
<td>$1,008</td>
<td>$915</td>
</tr>
<tr>
<td>SOU</td>
<td>$1,092</td>
<td>$933</td>
</tr>
<tr>
<td>WOU</td>
<td>$1,357</td>
<td>$570</td>
</tr>
<tr>
<td>OSU</td>
<td>$1,259</td>
<td>$980</td>
</tr>
<tr>
<td>PSU</td>
<td>$1,148</td>
<td>$1,075</td>
</tr>
<tr>
<td>UO</td>
<td>$1,259</td>
<td>$995</td>
</tr>
</tbody>
</table>

Oregon University System
Administration, physical plants vs peers

Administration and Physical Plant as percentage of Revenues - Peer Comparison
(excluding Auxillary Enterprises)

- EOU: 21.6%
- OIT: 19.6%
- SOU: 14.9%
- WOU: 14.3%
- OSU: 10.6%
- PSU: 13.1%
- UO: 10.6%

Oregon University System
Primary reserve ratio: Regionals

Primary Reserve Ratio - Regionals
(Expendable Net Assets as a percentage of Total Adjusted Expenses)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>19.8%</td>
<td>18.8%</td>
<td>13.7%</td>
<td>13.4%</td>
<td>16.5%</td>
</tr>
<tr>
<td>OIT</td>
<td>26.9%</td>
<td>29.2%</td>
<td>28.6%</td>
<td>28.3%</td>
<td></td>
</tr>
<tr>
<td>SOU</td>
<td>18.8%</td>
<td>20.1%</td>
<td>15.2%</td>
<td>16.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>WOU</td>
<td>32.7%</td>
<td>24.2%</td>
<td>23.4%</td>
<td>24.7%</td>
<td>22.9%</td>
</tr>
</tbody>
</table>

Oregon University System
Primary reserve ratio: Large campuses

Primary Reserve Ratio - Large campuses
(Expendable Net Assets as a percentage of Total Adjusted Expenses)

Oregon University System
Debt burden ratio: Regionals

Debt Burden Ratio - Regionals
(Principal and Interest Paid as a percentage of Total Adjusted Expenses)

EOU  2004  2005  2006  2007  2008
5.9% 5.9% 6.0% 6.1%

OIT  2004  2005  2006  2007  2008
4.2% 3.9% 4.2%
3.2% 3.0%

SOU  2004  2005  2006  2007  2008
3.9% 3.9% 3.9% 3.7% 3.6%
2.6% 3.3%

WOU  2004  2005  2006  2007  2008
3.8% 3.8% 3.8% 3.8% 3.4%

Oregon University System
Debt burden ratio: Large campuses

Debt Burden Ratio - Large campuses
(Principal and Interest Paid as a percentage of Total Adjusted Expenses)

OSU
- 2004: 1.7%
- 2005: 2.3%
- 2006: 2.4%
- 2007: 2.6%
- 2008: 2.9%

PSU
- 2004: 5.1%
- 2005: 4.6%
- 2006: 4.4%
- 2007: 4.3%
- 2008: 4.1%

UO
- 2004: 2.9%
- 2005: 3.3%
- 2006: 3.5%
- 2007: 3.3%
- 2008: 4.5%

Oregon University System
Primary reserve & debt burden ratios

Oregon University System
Summary

- OUS FTE enrollment increased 0.8% from FY 2007
- State support as a percentage of revenues returned to the 2004 level, 24%
- In general, OUS institutions spend less on Instruction costs per student FTE, Student Services, Administration, and Physical Plant than their peers.
- Despite a challenging environment, OUS faculty generate more Grant and Contract revenue than their peers.
- Our peer institutions have better financial strength as evidenced by higher state funding, higher primary reserves, and lower debt burden ratios.
Questions or Comments?