AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. AGENDA ITEMS

   a. OUS, Internal Audit Division Quarterly Progress Report, October 2012 (Snopkowski) ........... 1
      Internal Audit Division requests approval of the Division's Quarterly Progress Report. The report highlights the recommendations made to improve OUS operations and the implementation status of recommendations. Open recommendations are being adequately addressed by management. In addition, the report serves to provide a summary of progress made towards completing the annual internal audit plan.

   b. OUS, Fraud, Waste, and Abuse Reporting Internal Management Directive (Snopkowski)...... 8
      The Oregon University System (OUS) Chancellor’s Office requests Board adoption of the revised OUS Financial Irregularities Reporting Internal Management Directive, to be known going forward as the OUS Fraud, Waste, and Abuse Reporting Internal Management Directive. The revised directive provides employees with a broader range of suspected issues to report.

   c. Review of Proposed OUS Code of Ethics (Snopkowski)

   d. OUS, Analysis of 2011-12 Financial Statements (Green)......................................................... 17
      This report is intended to foster a better understanding of the financial condition of the Oregon University System and its member institutions. The financial statements of the System and its member institutions will be reviewed and analyzed by comparing financial information over the last five fiscal years and by calculating certain ratios and relationships among this data. Selected financial ratios will also be compared to the peer universities of our member institutions.

   e. Risk Management Update (Holland) ...................................................................................... 21

   f. Consideration of F&A Detailed 2012-13 Committee Work Plan ............................................... 30
g. Senate Bill 242 Issues, Goals, and Anticipated Outcomes...................................................... 32
h. “Guidance” to Campuses for 2014-15 Tuition-Setting (Lewis)....................................................... 38
i. 2013-2015 Budget Process, Update on New Developments (Lewis)........................................... 40

3. ADJOURNMENT

Appendices

A) 2012 Annual Financial Statement Report

B) Education Funding Team: Summary Recommendations to the Governor
OUS, Internal Audit Division Quarterly Progress Report, October 2012

The Charter of the Oregon State Board of Higher Education Finance and Administration Committee requires that the Oregon University System Internal Audit Division (IAD) provide a quarterly report to the Chancellor and the Finance and Administration Committee. This report highlights the recommendations made to improve OUS operations. IAD recommendations are being adequately addressed by management. In addition, the report serves to provide a summary of progress made towards completing the annual internal audit plan.

2012 AUDIT REPORTS ISSUED – 3RD QUARTER

During the period from August through October 2012, IAD issued the following reports:

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>ENGAGEMENT TITLE &amp; RISK RANKING</th>
<th>ASSURANCE PROVIDED BASED UPON PROCEDURES PERFORMED</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>VP Research Change Medium</td>
<td>Evaluated the transition of contracting authority, compliance of fiscal transactions with university policies, and budgeting process for finance and administration funds allocated to research centers and institutes. Control improvements are being made in purchasing approval and budget monitoring processes.</td>
</tr>
</tbody>
</table>

FOLLOW-UP AUDIT RESULTS
IAD completed a review of recommendations for engagements completed prior to June 2011. IAD noted that 57 of 69 (83%) recommendations were successfully implemented, 11 are currently in progress, and 1 management accepted the risk.

Some of the control improvements made include enhancements to the operational practices within facilities operations and capital construction as well as controls over contracting, revenue generation, cash handling, payroll, and restricted funds accounting and award practices.

IAD notes that management has represented that action plans are in place to address all open recommendations. Below is a summary of follow-up audit results by campus in order of risk priority, including an explanation of open items:
OREGON INSTITUTE OF TECHNOLOGY (OIT)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status of Follow-up on the Procurement Card Program</td>
<td>Medium</td>
<td>September 2009</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Vault Count Review</td>
<td>High</td>
<td>September 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Vice President Transition Review</td>
<td>Medium</td>
<td>December 2009</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Follow-up of Information Security Policy Audit</td>
<td>High</td>
<td>December 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Course Materials</td>
<td>Medium</td>
<td>December 2009</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Campus Dining</td>
<td>High</td>
<td>March 2011</td>
<td>6</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Martha Ann Dow Center</td>
<td>Low</td>
<td>August 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Village for Sustainable Living</td>
<td>Low</td>
<td>September 2010</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>19</strong></td>
<td><strong>16</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

In Progress:

- **Re-evaluate procedures for policy creation. (Background Check and Volunteer policy)** - Management re-evaluated and finalized procedures for policy creation. Management is still in the process of finalizing a background check policy and a volunteer policy. These policies are expected to be approved during fall term 2012.

- **Develop a process to routinely review Banner access** - A process has been implemented to review Banner access on a quarterly basis by the Information Technology Services department; however, the report does not include security class or object-level access to clearly identify if access is based on business need. Management is in the process of updating the Banner access reports to show roles and object access. These reports are expected to be completed by the end of December 2012.

- **Review physical education courses to ensure compliance** - Internal Audit noted that some physical education courses were restricted to varsity athletes (with exceptions made by course instructors) at a cost of $25. In addition, the reduction of the tuition for the course was not approved in accordance with OARs. In August 2012, management began consulting with the NAIA to adjust the courses to ensure compliance and represented they decided to open the courses for all students and full tuition was to be charged.
## EASTERN OREGON UNIVERSITY (EOU)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Operations</td>
<td>Medium</td>
<td>October 2009</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Follow-Up of Information Security</td>
<td>High</td>
<td>December 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Policy Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refurbished Computers Purchase</td>
<td>High</td>
<td>June 2011</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

**In Progress:**

- Clarify and document the overload compensation pay structure - Management developed a pay structure for overload pay and is in the process of finalizing documentation and approval for the new procedures. Procedures will be finalized by December 2012.
- Re-evaluate practices on overload limits - Management developed overload pay limits and an exception process, but is in the process of documenting current procedures.

## OREGON STATE UNIVERSITY (OSU)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Center Model</td>
<td>Medium</td>
<td>December 2009</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>American Recovery and Reinvestment Act</td>
<td>Low</td>
<td>June 2010</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Center Construction</td>
<td>Medium</td>
<td>September 2010</td>
<td>6</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>11</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>

**In Progress:**

- Continue improving business processes; ensure documentation of policies and procedures are up to date; update performance measure practices; formalize monitoring procedures - Item is considered open due to transitions taking place in Human Resources office and Business Center leadership. Implementation is expected to be completed by June 30, 2013.
<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress/ Risk Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Follow-Up of Information Security Policy Audit</td>
<td>High</td>
<td>December 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Oregon Institute of Marine Biology (OIMB)</td>
<td>Medium</td>
<td>May 2010</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>ASUO Student Programs</td>
<td>Medium</td>
<td>June 2010</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>American Recovery and Reinvestment Act</td>
<td>Medium</td>
<td>June 2010</td>
<td>3</td>
<td>1</td>
<td>1 In Progress</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 Risk Accepted</td>
</tr>
<tr>
<td>UO Campus Operations Payroll</td>
<td>Medium</td>
<td>January 2011</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Deferred Compensation Plans Follow-up</td>
<td>High</td>
<td>January 2011</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Matthew Knight Arena-Project Audit</td>
<td>Low</td>
<td>February 2011</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Educational and Community Supports Cash Handling Review</td>
<td>Medium</td>
<td>June 2011</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>17</strong></td>
<td><strong>15</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

**In Progress:**

Enhance Travel Policies - Management has launched a review of UO policies related to travel funded by external sources. Management has developed documentation clarifying the Fly America Act, including a checklist tool for the principal investigators (PI)s and their staff. The clarification of the Fly America Act will be rolled out in the fall of 2012.

**Risk Accepted:**

Require principal investigators review of grant expenditures - At the time of the original audit, UO policy required documented PI approval of all grant transactions. The new leadership revised this practice to no longer require periodic PI documented review of sponsored project transactions; instead, an integrated central oversight and monitoring of specific types of high-risk transactions was implemented. UO is also working on improving reporting tools to help facilitate improved transaction monitoring by PIs. The Office of Sponsored Projects Services noted that the PIs perform a detail review and reconciliation at the closeout of sponsored projects—and more frequently, if required by the sponsor.
## Chancellor's Office (CO)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on original (UO) Separation Agreement Review</td>
<td>Medium</td>
<td>May 2010</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

In Progress:

**Update Board Policies** - The Policy Council revised the Board’s Executive Leadership and Management policy to address the issues raised by this audit. However, existing Board policy still conflicts with Oregon Administrative Rules (OARs). The OARs are currently being revised to reduce inconsistencies with Board policy. This is a large project that will be ongoing, and timelines are dependent upon available resources.

Given the proposed changes to the OUS system governance as well as benefit plan designs, it has been determined that this is not the best time to add additional resources to develop a more robust system policy structure. No further follow-up to be performed.

## Portland State University (PSU)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Advance</td>
<td>High</td>
<td>August 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>ARRA State and Federal Stimulus</td>
<td>Low</td>
<td>June 2010</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

## Western Oregon University (WOU)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vault Count Review</td>
<td>Low</td>
<td>September 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Western Community Policing Institute</td>
<td>Medium</td>
<td>April 2011</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>5</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>
### SOUTHERN OREGON UNIVERSITY (SOU)

<table>
<thead>
<tr>
<th>Engagement Title</th>
<th>Risk Rating</th>
<th>Issue Date</th>
<th>Total</th>
<th>Implemented</th>
<th>In Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities Management and Planning Purchasing</td>
<td>High</td>
<td>June 2009</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Gift Card Purchases</td>
<td>Medium</td>
<td>September 2009</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>High</td>
<td>August 2010</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>7</strong></td>
<td><strong>7</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

### ANNUAL PLAN STATUS

Below is a listing of planned IAD engagements that will be discussed in further detail at future Board meetings as well as a list of changes to the 2012 calendar year plan.

<table>
<thead>
<tr>
<th>STAGE</th>
<th>ENGAGEMENT TITLE</th>
<th>AUDIT OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits in progress - fieldwork</td>
<td>Departmental Fiscal Audits (OUS)</td>
<td>Review internal controls and monitoring activities over routine financial transactions. Conduct system-wide departmental testing to evaluate control effectiveness and reinforce best practices.</td>
</tr>
<tr>
<td></td>
<td>8 separate engagements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Athletics and Research Compliance Program Review (UO/OSU)</td>
<td>Review campus compliance programs and evaluate whether program design includes elements to prevent and detect noncompliance with NCAA Division I requirements and with federal regulations over research.</td>
</tr>
<tr>
<td></td>
<td>4 Separate engagements</td>
<td></td>
</tr>
<tr>
<td>Projects cancelled from the plan</td>
<td>Departmental IT Audits (OSU, PSU, and UO)</td>
<td>Cancellation of planned activities is due to staff turnover. IAD is filling three vacancies One position was recently filled after a hiring freeze was lifted, two other searches are underway and are expected to be completed and filled by year-end.</td>
</tr>
<tr>
<td></td>
<td>Budget Office Operations (PSU)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Human Resource Management (PSU)</td>
<td></td>
</tr>
</tbody>
</table>
In addition to the activities listed, IAD is currently conducting various complaint and management advisory engagements, and external audit coordination activities.

**STAFF RECOMMENDATION TO THE COMMITTEE**
Staff recommends that the Finance and Administration Committee of the Board approve the October 2012 Quarterly IAD Progress Report.

*(Committee action required.)*
OUS, Fraud, Waste, and Abuse Reporting Internal Management Directive

SUMMARY
The Oregon University System (OUS) Chancellor’s Office requests the Finance and Administration Committee adopt the revised OUS Financial Irregularities Reporting Internal Management Directive, to be known going forward as the OUS Fraud, Waste, and Abuse Reporting Internal Management Directive.

The current financial irregularities reporting internal management directive encourages individuals to report suspected inappropriate financial activity. The revised directive provides employees with a broader range of suspected issues to report. Individuals can contact management, the OUS Internal Audit Division, or the OUS hotline. The OUS anonymous reporting hotline services will continue to be provided by EthicsPoint, a third-party vendor with extensive experience in the higher education industry.

STAFF RECOMMENDATION TO THE COMMITTEE
Staff recommends that the Finance and Administration Committee approve the revised Oregon University System Fraud, Waste, and Abuse Reporting Internal Management Directive. This approval would officially incorporate the revision under the Oregon University System’s Internal Management Directives. In January 2013, it will be recommended to the full Board of Higher Education that the current Financial Irregularities Board Policy be repealed and the OUS Code of Ethics be adopted.

(Committee action required.)

POLICY STATEMENT
This policy sets forth guidelines for reporting known or suspected fraud, waste, and abuse (see Section .150, Definitions) within the Oregon University System (OUS).

POLICY RATIONALE
The OUS has a stewardship responsibility over all resources entrusted to it. The OUS is committed to compliance with laws and regulations to which it is subject and expects the highest standards of moral and ethical behavior from all of its employees. OUS internal controls are designed to prevent and detect inappropriate activity; however, in the event that these controls are circumvented, this policy is designed to encourage all employees and others to report fraud, waste, and/or abuse in a timely manner.

AUTHORITY
- ORS 244, Government Ethics
- ORS 297, Audits of Public Funds and Financial Records
• ORS 351.085 - Duties and Powers of the Chancellor
• ORS 659, Miscellaneous Prohibitions Relating to Employment and Discrimination
• OAR 580-061-0000 - Code of Ethics
• DAS Policy Manual, Number 125-7-203
  o Risk Management Division (Issuing Division) Employee Dishonesty Policy

KNOWLEDGE OF THIS POLICY
All Oregon University System employees should be knowledgeable of this policy.

DEFINITIONS

Suspected fraud, waste, or abuse is a reasonable belief or actual knowledge that fraud, waste, and/or abuse is occurring or has occurred. Concerns may include but are not limited to the following, which are grouped by functional categories:

<table>
<thead>
<tr>
<th>ACADEMIC &amp; STUDENT AFFAIRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Misconduct</strong></td>
</tr>
<tr>
<td><strong>Alcohol / Drug Abuse</strong></td>
</tr>
<tr>
<td><strong>Cheating / Plagiarism</strong></td>
</tr>
<tr>
<td><strong>Credentials Misrepresentation</strong></td>
</tr>
<tr>
<td><strong>Financial Aid</strong></td>
</tr>
<tr>
<td><strong>Hazing</strong></td>
</tr>
<tr>
<td><strong>Sexual Harassment</strong></td>
</tr>
<tr>
<td><strong>Student Travel</strong></td>
</tr>
</tbody>
</table>
## ACCOUNTING & FINANCIAL

<table>
<thead>
<tr>
<th>Violation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conflict of Interest and Purchasing Ethics</strong></td>
<td>Using a university position for personal financial gain. The Oregon State Ethics Law (ORS 244) outlines guidelines for public officials. Examples may include an employee contracting with a vendor who is a family member or giving, receiving, or soliciting gifts or items of value from a vendor.</td>
</tr>
<tr>
<td><strong>Donor Stewardship</strong></td>
<td>Mishandling of donor funds directed to the institution, including funds that may not have been used in accordance with the donor's intentions and wishes.</td>
</tr>
<tr>
<td><strong>Falsification of Contracts, Reports or Records</strong></td>
<td>Altering, fabricating, destroying, misrepresenting, or forging contracts or documents for personal gain or unfair advantage. One example may include forging the signature of a university official on a legal document.</td>
</tr>
<tr>
<td><strong>Improper Disclosure of Confidential or Sensitive Records</strong></td>
<td>Disclosure of confidential personal data which may lead to identity theft. One example includes the loss of computers containing social security numbers obtained from university databases.</td>
</tr>
<tr>
<td><strong>Misuse of University Assets</strong></td>
<td>Using university resources for personal use. Examples may include using a state-owned car for personal travel, making routine personal long distance calls on university phones, and using university-owned copy machines for personal business operation.</td>
</tr>
<tr>
<td><strong>Payroll and Time Abuse</strong></td>
<td>Inappropriate reporting of hours and wages. Examples include not recording time away from work (leave) and reporting hours that were not worked - including overtime.</td>
</tr>
<tr>
<td><strong>Purchasing and Expenditures</strong></td>
<td>Purposeful, unauthorized, or falsified purchases or expenditures for personal gain or in violation of funding restrictions. Examples may include purchases of computers for personal use, falsified travel reimbursements, abuse of procurement card for the use of personal expenses, and purchasing of alcohol with state or federal funds.</td>
</tr>
<tr>
<td><strong>Theft or Conversion of University Property</strong></td>
<td>Act of unlawfully taking university assets such as cash or equipment and converting them for personal use or selling them for personal gain.</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Academic Misconduct</strong></td>
<td>Falsifying entrance or placement exams; utilizing an assumed name; arranging for fraudulent academic credit or falsification of transcripts; inappropriate academic assistance from an institutional staff member.</td>
</tr>
<tr>
<td><strong>Eligibility Matters</strong></td>
<td>Matters impacting the amateurism status (e.g., competition as a professional athlete; receipt of prize money or other training/competition related monies over and above actual and necessary expenses) of a student-athlete.</td>
</tr>
<tr>
<td><strong>Financial Aid Misconduct</strong></td>
<td>Improper inducement of benefits or financial aid. Unusual or disparate treatment for one student-athlete and not for others in loans, transportation or housing benefits.</td>
</tr>
<tr>
<td><strong>Gambling or Fraudulent Activities</strong></td>
<td>Activities designed to influence the outcome of sports activities; organized gambling by either student-athletes or athletic department staff.</td>
</tr>
<tr>
<td><strong>Improper Giving or Gifts</strong></td>
<td>Items or services given, received or solicited for the benefit of a student-athlete or a student-athlete's family or friends; items given, received or solicited during or in connection with signing negotiations; the acceptance of cash, checks, discounts, money orders, vouchers, gift certificates, services, loans, vehicles or transportation that are related to the individual's status as a student athlete and which are not permissible under NCAA legislation.</td>
</tr>
<tr>
<td><strong>Inappropriate Agent Activities</strong></td>
<td>Impermissible interaction between agents, their runners or professional scouts and student-athletes off or on the field; arranging meetings between current student-athletes and agents, their runners or professional scouts; taking money for arranging introductions with agents, their runners or professional scouts; student-athlete accepting any benefit from an agent, runner or professional scout.</td>
</tr>
<tr>
<td><strong>Misuse of Athletic Department Property, Endorsements</strong></td>
<td>Use of college sports equipment, uniforms or any other items owned by the institution for personal activities; exchange of complimentary athletic event tickets, gear or autograph(s) for any item of value, commercial product or service.</td>
</tr>
<tr>
<td><strong>Recruiting Misconduct</strong></td>
<td>Giving, receiving or solicitation of items or services which could be reasonably interpreted as an effort to influence a recruiting decision; excessive communication or impermissible visits outside the recruiting period; undue duress or influence from alumni or unauthorized personnel.</td>
</tr>
<tr>
<td>Sexual Misconduct</td>
<td>The making of unwanted and offensive sexual advances or of sexually offensive remarks or acts.</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Substance Abuse</td>
<td>Substance abuse is defined as the misuse of both legal and illegal drugs including alcohol. (Examples include: cocaine, narcotics, marijuana, stimulants or steroids)</td>
</tr>
</tbody>
</table>

### HUMAN RESOURCES

<table>
<thead>
<tr>
<th>American Disability Act Matters</th>
<th>Failure to meet requirements as defined by the American Disability Act (ADA), (examples include: improper disability access).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict of Interest</td>
<td>A situation in which a person or a family member has a financial or non-financial interest that may compromise the conduct of the person's official duties.</td>
</tr>
<tr>
<td>Discrimination or Harassment</td>
<td>Uninvited and unwelcome verbal or physical conduct directed at an employee because of his or her sex, religion, ethnicity or beliefs. (Examples include: bias in hiring, bias in assignments, wrongful termination, bias in promotions, bias in educational decisions, unfair compensation, inappropriate language, or violations of Equal Employment Opportunity Commission (EOCC) requirements). Includes the use of retaliation or retribution.</td>
</tr>
<tr>
<td>Employee Benefits Abuses</td>
<td>Improper, misleading or deceptive actions /statements, falsification of records, or misrepresentation of actual conditions related to institution benefits plans, including health and supplemental insurance plans, tuition benefits and sick or other paid time-off programs.</td>
</tr>
<tr>
<td>Employee Misconduct</td>
<td>Any employee conduct that is in violation of the institution's code of conduct, ethics policy, faculty handbook or any other printed materials that constitute employee conduct. Includes time abuse concerns about an employee or manager who is falsifying his/her work hours.</td>
</tr>
<tr>
<td>Hostile Work Environment</td>
<td>Situation in which an employer or coworker's repeated actions make it impossible for an employee to perform his/her job duties. Example includes workplace bullying.</td>
</tr>
<tr>
<td>Inappropriate Supervisor Directive</td>
<td>Improper use of supervisory authority in response to employee taking action or refusing to take action. Inappropriate management practices.</td>
</tr>
<tr>
<td>Nepotism</td>
<td>Patronage bestowed by public officers in consideration of a family relationship and not merit.</td>
</tr>
<tr>
<td><strong>Offensive or Inappropriate Communication</strong></td>
<td>The use of inflammatory, derogatory, unduly critical or insulting communication to a staff person, faculty, administrator, alumni, student, customer or volunteer.</td>
</tr>
<tr>
<td><strong>Sexual Harassment</strong></td>
<td>The making of unwanted and offensive sexual advances or of sexually offensive remarks or acts, especially by one in a superior or supervisory position or when acquiescence to such behavior is a condition of continued employment, promotion, or satisfactory evaluation.</td>
</tr>
<tr>
<td><strong>Unsafe Working/Living Conditions</strong></td>
<td>Unsafe conditions and failure to meet requirements needed to ensure a reasonably secure working, living, or laboratory environment. Includes violations of environmental and safety laws.</td>
</tr>
<tr>
<td><strong>Workers Compensation or Disability Benefits Abuses</strong></td>
<td>Observation of physical activity of employees receiving disability or other compensation benefits from the institution in contradiction to the degree of the disability certified by medical personnel.</td>
</tr>
</tbody>
</table>

**INFORMATION TECHNOLOGY**

| **Data Privacy/Data Integrity** | Unauthorized access to and/or disclosure of personally identifiable data of students, faculty and other third parties that is maintained by the institution. |
| **Malicious / Inappropriate Use of Technology** | Use of employer's information technology that violates university policy. Also includes visiting inappropriate/adult websites at work. |
| **Software Piracy/Intellectual Property Infringement** | Unauthorized use of copyrights or software; also includes the use of unauthorized software on employer owned systems. |
| **Theft** | The act of stealing; specifically: the felonious taking and removing of personal property with intent to deprive the rightful owner of it. To appropriate (as property entrusted to one's care) fraudulently to one's own use. |

**RESEARCH**

<p>| <strong>Conflict of Interest/Conflict of Commitment</strong> | A situation in which a researcher or family member has a financial or non-financial interest that may compromise the conduct of the person’s official duties. Also includes situations where the time or effort that a researcher devotes to other activities interferes with the employee’s fulfillment of assigned institution responsibilities. |</p>
<table>
<thead>
<tr>
<th><strong>Data Privacy</strong></th>
<th>Unauthorized access to and/or disclosure of sensitive data, including personally identifiable data of students, faculty, human research subjects, and other third parties, which is maintained by the institution.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental and Safety Matters</strong></td>
<td>Unsafe conditions and failure to meet requirements needed to ensure a reasonably secure working or laboratory environment. Includes violations of environmental and safety laws.</td>
</tr>
<tr>
<td><strong>Fraud</strong></td>
<td>The intentional misrepresentation or concealment of information in order to deceive, mislead, or acquire something of value. A fraud is an intentional deception perpetrated to secure an unfair gain, (examples include violation of policy, sabotage).</td>
</tr>
<tr>
<td><strong>Human or Animal Research</strong></td>
<td>Non-compliance with requirements for the use of humans or animals involved in research.</td>
</tr>
<tr>
<td><strong>Intellectual Property Infringement, Misappropriation or Disclosure</strong></td>
<td>Any unauthorized or inappropriate use, misappropriation or disclosure of confidential information (in any form) or intellectual property belonging to the institution or any institution's customer, supplier or business partner, including, without limitation, any intellectual property protected under any U.S. or other laws relating to copyrights, patents or trade secrets.</td>
</tr>
<tr>
<td><strong>Research Grant Misconduct or Misappropriation of Costs</strong></td>
<td>Unallowable or questionable expenditures or cost transfers to government grants, contracts or other agreements. Any expenditures or cost transfers that may be in violation of federal or university cost accounting standards.</td>
</tr>
<tr>
<td><strong>Research/Scientific Misconduct</strong></td>
<td>Serious deviation from accepted practices such as fabrication, falsification, or plagiarism, in proposing, carrying out research or in reporting the results of research; or material failure to comply with federal requirements.</td>
</tr>
</tbody>
</table>

### RISK AND SAFETY

<p>| <strong>Environmental, Safety, &amp; Security Matters</strong> | Unsafe conditions and failure to meet requirements needed to ensure a reasonably secure working or laboratory environment. Includes violations of environmental and safety laws as well as concerns relating to physical access and security. |</p>
<table>
<thead>
<tr>
<th>UNIVERSITY HEALTH CENTERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Fraud</td>
</tr>
<tr>
<td>Insurance Issues</td>
</tr>
<tr>
<td>Patient Abuse / Physical or Verbal</td>
</tr>
<tr>
<td>Patient Care / Rights</td>
</tr>
<tr>
<td>Patient Privacy</td>
</tr>
<tr>
<td>Theft</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

**Campus management and the Chancellor’s Office** includes the chancellor, vice chancellors, presidents, vice presidents, provosts, vice provosts, deans, directors, and division/department heads, as well as other managers authorized to determine and assign duties to university employees.

**RESPONSIBILITIES**
All employees of the Oregon University System shall report known or suspected instances of fraud, waste, and/or abuse. Matters can be reported to campus management, the OUS Internal Audit Division (IAD), or through the OUS hotline. Campus managers who receive notice of suspected or known fraud, waste, and/or abuse are required by this policy to report such matters to the IAD. When employees do not feel comfortable discussing these matters directly with the IAD or campus management, reporting can be made through the OUS hotline:

**OUS Hotline:** 1.888.304.7810 or [www.ous.edu/dept/intaudit/hotline](http://www.ous.edu/dept/intaudit/hotline)
OUS contracted with EthicsPoint, an independent, third-party vendor, to provide this confidential and anonymous telephone and Internet system for reporting concerns.

EthicsPoint reports concerns received on the hotline to IAD, who coordinates investigation efforts of reported concerns in conjunction with necessary campus and external parties as deemed appropriate.

Employees who identify themselves and make a good faith report of suspected fraud, waste, or abuse are protected from retaliation, in accordance with the Oregon State Whistleblowers Protection Law (ORS 659A). The OUS will maintain confidentiality for employees reporting suspected irregularities, misconduct, safety issues, or other concerns to the extent possible under the law.

In accordance with ORS 297, the Secretary of State Audits Division [http://www.sos.state.or.us/audits/] is notified of all complaints and confirmed losses that are in excess of $100.

**CONTACT INFORMATION**
Direct questions about this policy to the following office:
Oregon University System Internal Audit Division
Phone: (541) 737-2193
[http://www.ous.edu/dept/intaudit/]
OUS, Analysis of 2011-12 Financial Statements

INTRODUCTION AND CAVEATS
This report is intended to foster a better understanding of the financial condition of the Oregon University System and its member institutions. The financial statements of the System and its member institutions will be reviewed and analyzed by comparing financial information over the last five fiscal years and by calculating certain ratios and relationships among this data. Selected financial ratios will also be compared to the peer universities of our member institutions.

The preliminary statement of net assets and statement of revenues, expenses, and changes in net assets for each institution and the Chancellor’s Office are presented for Committee review. These statements are preliminary as the audit of these statements is currently underway and some audit adjustments may be required. Nevertheless, these adjustments are typically minor in nature and should not distort the analysis presented below in any material respects.

SUMMARY COMMENTS
Based on a summary review of the financial statements and key ratios, it is apparent that all institutions and the Chancellor’s Office are exercising prudence in the management of their fiscal affairs. There was an increase in the percentage of expenditures spent on Support Services and Student Aid over the prior four year average, reflecting increased efforts in recruiting and retaining students. All institutions and the Chancellor’s Office appear to have adequate reserves at this time and no major issues were noted. However, there are some trends that are noteworthy.

These are as follows:
- Institutional debt is increasing as evidenced by the growth in long-term liabilities and debt burdens;
- Although not specifically reflected by the administration and plant ratio, deferred maintenance remains a concern due to challenges of funding basic operating needs and an aging infrastructure; and
- Most OUS institutions appear to be in a less financially advantageous position compared to their selected peer universities as evidenced by a lower primary reserve ratio and a higher debt burden ratio. OUS institutions, with the exception of EOU and OIT, receive less state appropriations as a percentage of total adjusted expenses compared to the average of their selected peer universities.
- While reserves have improved slightly this fiscal year, decreasing state appropriation revenues will likely eat into those reserves. Further declines in state tax revenues, which disproportionately impact the smaller universities, will drive further declines in reserves and increase pressure to find new revenues and to reduce costs.
The following ratios will be discussed:

**Current Ratio:**
The current ratio is probably the most widely recognized measure of liquidity. This simple calculation matches short-term assets with the liabilities to be paid during the same period. Conventional wisdom holds that this ratio should be at least 2:1; that is, for every dollar of liability coming due, there should be at least two dollars of assets available to pay these obligations. Generally, the higher the ratio the better; however, there is a point where one may begin to question the wisdom of holding significant amounts of short-term assets when a better return could be obtained by investing these surplus funds in longer term investments. As noted above, OUS is currently operating with a current ratio of 1.2:1, below the recommended level of 2.0:1.

**Contribution Ratio:**
This ratio measures the mix of revenues by reporting the relative percentage contribution of each category to total expenses. You will note significant differences in revenue mix by campus due to mission differentials especially relating to differing levels of research activities. Due to the economic climate, state appropriations decreased from Fiscal Year (FY) 2011 to FY 2012. With the exception of non-operating revenues, there were increases in all other sources of revenue during this same time period. There was a use of fund balance in FY 2012. During the last five years, self-generated revenues have increased 43 percent compared to state appropriations, which have decreased 28 percent.

**Percentage of Total Expenditures used for Core Services:**
This measure analyzes whether resources used to support core services consumed an increasing or decreasing share of total institutional expenditures. Core services include expenses for instruction, research, and public service; these costs are linked directly to the core mission of the campuses. In FY 2012, the OUS spent 58.2 percent of its total expenditures (excluding auxiliary enterprises expenses) on instruction, research, and public service activities, down from the prior four years average of 59.1 percent.

**Percentage of Total Expenditures used for Support Services and Student Aid:**
This ratio analyzes whether resources used for support services and aid to students consume an increasing or decreasing share of total institutional resources. Support services include academic support and student services, which also support the mission of the institution. Aid to students includes scholarships and fellowships. In FY 2012, the OUS spent approximately 17.5 percent of its total expenditures (excluding auxiliary enterprises expenses) on academic support, student services, and scholarships and fellowships, up from the prior four years average of 17.0 percent; again reflecting increased recruitment and retention efforts.

**Percentage of Total Expenditures used for Administration and Physical Plant:**
This measure analyzes whether resources used for administration and physical plant expenses consumed an increasing or decreasing share of total institutional expenditures. This category includes institutional support and operations and maintenance of the physical plants.
Institutional support is made up of the campus and Chancellor’s Office administrative units and includes, for example, the president’s office, the business office, and the budget and accounting offices on each campus. Physical plant costs include all staffing and operating expenses related to operation of the physical plants. In FY 2012, the OUS spent 14.2 percent of its total expenditures (excluding auxiliary enterprises expenses) on institutional support and operation and maintenance of the physical plants, the same as the prior four years average of 14.2 percent.

**Primary Reserve Ratio:**
This ratio measures the financial strength of the institution by comparing assets that the institution can quickly access and spend to total annual operating expenses. The ratio also measures the institution’s ability to support its current operations from all available expendable resources without considering revenues generated from operations. Prudent financial management suggests that institutions should keep reserves (expendable net assets) as a safeguard against unforeseen events. It is important to monitor this ratio over time to determine if reserve levels are keeping pace with institutional growth. Unrestricted and restricted expendable net assets should increase at least in proportion to the rate of growth in expenses. Failure to keep pace with expense growth will provide a lower margin for adversity as the institution grows. A negative trend over time indicates a weakening financial condition. You will note that OUS’ primary reserve ratio has increased from 21.3 percent in FY 2009 to 28.1 percent for FY 2012. The prior four years average was 24.8 percent.

**Debt Burden Ratio:**
This ratio examines the institution’s dependence on borrowed funds as a source of financing its mission and relative cost of borrowing to overall expenditures. It compares the current level of debt service with the institution’s total expenditures. Debt service includes both interest and principal payments.

Investment bankers have identified an upper threshold for this ratio at 7 percent, meaning that current principal and interest payments should not be greater than 7 percent of total expenditures. While 7 percent is a generally accepted threshold, it is important to note that institutions that exceed 7 percent will not necessarily be barred from obtaining additional external funding. It is clear, however, that institutions above this threshold will face greater scrutiny from rating agencies and lenders.

Since debt service is a legal claim on resources, the higher the ratio the fewer resources are available for other operational needs. A level trend or decreasing trend indicates that debt service is sufficiently covered without further demand on financial resources required to support other functional areas. On the other hand, a rising trend in this ratio signifies an increasing demand on financial resources to pay back debt.

Total long-term debt has increased from $1.3 billion to $1.9 billion from FY 2008 to FY 2012 and principal and interest payments have increased from $73 million to $107 million per year. The OUS debt burden has increased from 4.2 percent to 4.8 percent over that same time period.
**Peer Ratio Analysis:**
Several financial ratios have been presented for the OUS peer institutions that publish financial statements prepared in accordance with generally accepted accounting principles. See Appendix A for a complete listing of all OUS peer institutions and a description of the financial statements obtained from them.

Compared to the average of their available peer institutions, five out of seven OUS institutions have a lower primary reserve ratio and four out of seven have a higher debt burden ratio. This indicates that most of OUS institutions have less financial flexibility and fewer resources to draw on than their peers.

Five out of seven OUS institutions receive less state appropriations per student than their peer average. Lower state appropriations appear to have resulted in OUS institutions either charging higher tuition and fee rates, finding other sources of revenue and/or operating with fewer resources than their peers.

**Enrollment Projections:**
Enrollment projections by campus, and for the System as a whole, are presented as they are illustrative of the demand for enrollment services and are a primary driver of institutional and System funding. Thus, enrollment projections are a good predictor of the financial welfare of the institutions.

**STAFF RECOMMENDATION TO THE COMMITTEE**
This is a report item presented for informational purposes only. No action is necessary.
OUS Office of Risk Management Update
October 2012

Following are updates regarding the newly structured OUS Office of Risk Management as a result of SB242. While our mission is to protect the life safety, reputation, financial and operations risks of the system through techniques of risk transfer, risk retention, risk controls and risk avoidance, we are committed to enhancing the discipline of risk at the campus level while supporting an enhanced culture of risk mitigation throughout the system. This report includes a review of: 1) overview of costs associated with this program including a comparison of this program versus DAS biennium assessments and the Bickmore report of December 2011; 2) DAS carve-out update; 3) allocation update; and 4) strategic initiatives moving forward.

The OUS Risk Management overview consists of four key elements including insurance premiums, claims payments for current year and prior open year claims, program expenses, and office expenses. The total estimated costs of this program for the first year total $11,579,712, or -2.8% as compared with the FY’13 DAS biennial assessment of $11,899,000, as shown in Exhibit 1-A. A comparison between our current program, DAS, and the Bickmore Report is also shown on this exhibit noting variances in items included in each program.

Insurance policy placements are substantially complete and the final estimate for the new comprehensive program is $6,225,617. Of that, property insurance is $3,714,095 or approximately 60% of the total, while general liability, educator’s legal liability, professional liability, excess layers and specialty lines total $1,672,872 or 26.5% and our workers’ compensation base premium costs are $838,650 or 13.5%. The premiums, insurers, AM Best financial creditworthiness rating, limits of liability and effective dates of policies are shown in Exhibit 1-B. A comparison between our new program and our prior program with DAS is shown on Exhibit 1-C noting highlights that include higher limits of liability, broader coverage for higher education-related lines of business, greater services to support risk mitigation at the campus level and greater value overall to our campuses from these policies.

It is important to highlight Exhibit 1-D, our property insurance work plan and note that the premium was negotiated down over $600,000 based on our commitment to implement the plan, largely based on “human element” programs consisting of training and awareness at the campus level involving our risk, security and facilities operations while costing little in terms of additional funds the first year. In addition, we committed to adding seismic gas shut-off valves at designated locations for approximately $68,500 in direct costs for a loss benefit of approximately $354M towards our exposure rating. OUS Risk Management has agreed to cover the $68,500 in costs during this policy year as an initial catalyst in support of this program, to be paid once the projects have been completed.

From Exhibit 1-A, claims payments are shown on a “cash accounting” basis noting that we recommend moving towards an accrual based accounting methodology during the next 3-5 years while we shore up our claims costs. The figures for FY’13 current-year claims are based
off of the AON actuarial reports generated for our DAS carve-out for OUS specifically. These reports reflect only the estimated payments made in the current year and our total expected losses are valued at $6.7M for FY’13, and $11.097M for pre-FY’13. The actuarial reports take into consideration time value of money reflecting a bell-curve of payments over the life of a claim that may last 3-5 years on average. While the reports reflect regression analysis of the past ten years, we are anticipating a decrease in overall claims costs of approximately 10% the first year due to enhanced risk controls and claims management noting this will bear out over the course of the year. Exhibit 1-E shows our claims report for both current-year and prior-years based off of current data from our campus risk managers, DAS, and the TPA.

Our DAS carve-out discussion is scheduled for October 16th in Salem with DAS and OUS representatives, including legal counsel at the table for each party. From initial DAS reports, we will receive a minimum of $9.5M in total noting that after consideration for an initial payment of $2M plus additional reconciliation of property insurance payments and interest, our balance will be approximately $6.5M. We will negotiate a dividend on last year’s premiums paid by SAIF separately. OUS Risk Management and our PWC actuary reviewed details of this carve-out including DAS financial statements for the past 5 years, the AON reports for both the State of Oregon and OUS, and the detailed analysis provided by DAS CFO’s office for completion of this transaction.

For our allocation discussion, our new actuary from PWC, Kevin Wick, has provided us with a draft model that our Risk Council Allocation Team is reviewing for discussion and finalization over the next month. This includes provision of estimated total costs by campus based on experience ratings and exposures from a report of 10.11.2012. Note that we have indicated to campuses that we will not charge more than assessed by DAS for their previous biennium, but are anticipating that we will need to budget more closely to the actuarial forecasts in FY’14. As a starting point for our allocation discussion, the assessments will initially take into consideration low deductibles consistent with prior years, at the campus level to the pool while also providing for a “limit of liability” level of $25,000 for the regional campuses and $100,000 for the large campuses. It should be noted for budget purposes that the deductible would reflect the cash outlay, while the “limit of liability” will be reflected in the experience rating and future assessments to the OUS Risk Fund.

While our program has just started, our Risk Council and Broker of Record, Arthur J. Gallagher, have worked very hard from the beginning, collecting data for submission to underwriters in order to make the initial placement of insurance successful in a fraction of the time normally allotted to this process. The VP’s of Finance & Administration have also been instrumental in providing their approval of critical elements in keeping the momentum of this implementation moving, as have many of our stakeholders such as general counsel and procurement.

Strategies for this program moving forward include communicating our efforts on a broader scale with our key stakeholders, provide enhanced policies and procedures for system-level guidance, and support campus-level efforts to implement a risk culture including training. The initial cycle of insurance placement is substantially complete, yet we will begin the new cycle of
collecting data for FY’14 in January 2013, and work to keep premiums in check as we begin to minimize our losses over time. And, through this, we will build a financially sustainable program for the long term. As we begin to implement best practices associated with risk finance and risk controls, our Risk Council has already begun to implement various risk mitigation efforts at the campus level and we are beginning to see the impact of these improvements. And, as of this writing, one of our risk managers, Deb Donning of U of O has completed the first exam towards the 3-part Associate in Risk Management (ARM) certification. Exhibit 2 shows highlights of our program accomplishments in the past six months.

For questions, please contact OUS Risk Management.

**STAFF RECOMMENDATION TO THE COMMITTEE**

This is a report item presented for informational purposes only. No action is necessary.
### FY'13 Budget Comparisons

<table>
<thead>
<tr>
<th>Description</th>
<th>OUS FY'13</th>
<th>DAS FY'13</th>
<th>Bickmore Report</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insurance Premiums</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>3,714,095</td>
<td>4,790,353</td>
<td>3,406,000</td>
</tr>
<tr>
<td>Casualty</td>
<td>1,672,872</td>
<td>3,460,047</td>
<td>2,579,000</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>838,650</td>
<td>3,648,807</td>
<td>4,358,000</td>
</tr>
<tr>
<td><strong>Sub-Total Insurance Premiums</strong></td>
<td>6,225,617</td>
<td>11,899,207</td>
<td>10,343,000</td>
</tr>
<tr>
<td><strong>Total Claims Payments for FY’13</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY'13 Policy Year Projected Losses Paid from open claims</td>
<td>1,941,383</td>
<td>Included above</td>
<td>Estimated above</td>
</tr>
<tr>
<td>Pre-FY13 Projected Losses Paid from open claims</td>
<td>2,564,712</td>
<td>Included above</td>
<td>Estimated above</td>
</tr>
<tr>
<td><strong>Sub-Total Claims Payments All Years</strong></td>
<td>4,506,095</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Expected Loss &quot;Budget&quot;-Book in Fiscal Year it is Assessed</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Management Program Administrative Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arthur J. Gallagher &amp; Co.</td>
<td>225,000</td>
<td>Included</td>
<td>Not Included</td>
</tr>
<tr>
<td>Actuary</td>
<td>40,000</td>
<td>Included</td>
<td>Not Included</td>
</tr>
<tr>
<td><strong>Risk Management Informatin System (RMIS)</strong></td>
<td>53,000</td>
<td>Included</td>
<td>Not Included</td>
</tr>
<tr>
<td>Third Party Administrator &amp; Claims Management</td>
<td>100,000</td>
<td>Included</td>
<td>Not Included</td>
</tr>
<tr>
<td>EH&amp;S Benefit (Bickmore only)</td>
<td></td>
<td></td>
<td>(285,000)</td>
</tr>
<tr>
<td><strong>Sub-Total Program Expenses</strong></td>
<td>418,000</td>
<td>-</td>
<td>(285,000)</td>
</tr>
<tr>
<td>Risk Management Office Administrative Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total FY’13 Office Expenses</strong></td>
<td>430,000</td>
<td>Included</td>
<td>671,000</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>11,579,712</td>
<td>11,899,207</td>
<td>10,729,000</td>
</tr>
<tr>
<td><strong>Variance between DAS (11,899,207) and program</strong></td>
<td>319,495</td>
<td>0</td>
<td>1,170,207</td>
</tr>
</tbody>
</table>

Note * These figures were generated from the AON reports for the DAS carve-out, showing OUS specific expected payments

Note** The RMIS licensing and implementation will be paid through funds from the SAIF dividend, to be determined in negotiations with DAS October 16th

Note** The Bickmore report moved the RMIS expense to 2014, yet it is needed at the onset of the program
### Oregon University System: Risk Management
**FY'13: July 1, 2012 - July 1, 2013**

#### Insurance Information by Policy

<table>
<thead>
<tr>
<th>Line of Coverage</th>
<th>Insurer</th>
<th>AM Best Rating</th>
<th>Effective Dates</th>
<th>SIR Deductible</th>
<th>Limits of Liability</th>
<th>Aggregate Limit</th>
<th>Estimated Premium</th>
<th>Final Premium</th>
<th>Applied to FY'13: 7/1/12-7/1/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>Lexington</td>
<td>A XV</td>
<td>7/1/2012 - 10/15/2012</td>
<td>1,500,000</td>
<td>TIV</td>
<td>TIV</td>
<td>805,959</td>
<td>805,959</td>
<td></td>
</tr>
<tr>
<td>Boiler &amp; Machinery</td>
<td>The Hartford</td>
<td>A++X</td>
<td>7/1/2012 - 10/15/2012</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,886</td>
<td>21,886</td>
<td></td>
</tr>
<tr>
<td>Property (9.3B TIV)</td>
<td>FM Global</td>
<td>A+XV</td>
<td>10/15/2012 - 10/15/2013</td>
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<td>Nuclear Coverage</td>
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<td>7/1/2012 - 7/1/2013</td>
<td>-</td>
<td>-</td>
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<td>Limited Professional Liability</td>
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<td>25M xs 2M</td>
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<td>National Union</td>
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<td>Ace American / Fire UW</td>
<td>A+ XV</td>
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<td>Hiscox Insurance Company</td>
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<td>Westchester Fire Ins Company</td>
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<td>Marine Liability (P&amp;I, Hull) (All vessels)</td>
<td>US Fire Insurance Company (50%)</td>
<td>A XIII</td>
<td>7/1/2012 - 7/1/2013</td>
<td>2,500 / 10,000</td>
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<td>Marine Liability (P&amp;I, Hull) (All vessels)</td>
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<td>A XV</td>
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<td>Marine Excess Personal &amp; Indemnity (P&amp;I)</td>
<td>American Insurance Co of New York (50%)</td>
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<td>7/1/2012 - 7/1/2013</td>
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<td>4,000,000</td>
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<td>Marine Excess P&amp;I (2 OSU Vessels)</td>
<td>National Union Fire (50%)</td>
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<td>Marine Pollution</td>
<td>Water Quality Insurance Syndicate (London)</td>
<td>Not Rated</td>
<td>7/1/2012 - 7/1/2013</td>
<td>-</td>
<td>5,000,000</td>
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<td>Marine Hull &amp; Machinery (8 scheduled vessels)</td>
<td>US Fire Insurance Company (50%)</td>
<td>A XIII</td>
<td>7/1/2012 - 7/1/2013</td>
<td>Varies</td>
<td>2,178,999</td>
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<tr>
<td>Marine Hull &amp; Machinery (Rowing Shells)</td>
<td>US Fire Insurance Company (50%)</td>
<td>A XIII</td>
<td>7/1/2012 - 7/1/2013</td>
<td>2,500</td>
<td>637,267</td>
<td>637,267</td>
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<td>Marine OTS (over-the-side)</td>
<td>Underwriters at Lloyds London</td>
<td>Not Rated</td>
<td>7/1/2012 - 7/1/2013</td>
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<td>Endorsed OTS Programs Estimate</td>
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<td>15,000</td>
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<td>Cyber</td>
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<td>7/1/2012 - 7/1/2013</td>
<td>60,000</td>
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<td>60,000</td>
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<td>Pollution System-wide</td>
<td>TBD</td>
<td>7/1/2012 - 7/1/2013</td>
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<td>Sub-Total Casualty</td>
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<td>SAIF</td>
<td>7/1/2012 - 7/1/2013</td>
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<td>827,827</td>
<td>827,827</td>
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<td>Other States Workers' Compensation</td>
<td>SAIF</td>
<td>7/1/2012 - 7/1/2013</td>
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<td></td>
<td></td>
<td>10,823</td>
<td>10,823</td>
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<td>Sub-total Workers' Compensation</td>
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<td>838,650</td>
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**Grand Total Insurance Premiums** 6,225,617
## Exhibit 1-C
### OUS vs. DAS comparison of programs

<table>
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<tr>
<th>Line of Coverage</th>
<th>OUS Program Value-Added</th>
<th>DAS Program</th>
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<tbody>
<tr>
<td>Property</td>
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<td></td>
</tr>
<tr>
<td>Property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boiler &amp; Machinery</td>
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<td></td>
</tr>
<tr>
<td>New Property with FM Global</td>
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<td></td>
</tr>
<tr>
<td>Casualty with United Educator’s</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Liability Buffer (GL/Auto)</td>
<td>Rolled 25 individual policies for special events, McDonald lease, Team Oregon and others into one GL policy tailored to higher education.</td>
<td>Individual policies for small events vs. one large policy causing potential confusion and additional cost.</td>
</tr>
<tr>
<td>Limited Professional Liability</td>
<td>Vet, Law, and Student Health Directors covered</td>
<td></td>
</tr>
<tr>
<td>Excess Umbrella</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Layer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educators’ Legal Liability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialty Casualty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crime</td>
<td>Deductible of $100,000</td>
<td>Deductible of $350,000</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>Have obtained quote-will place in October</td>
<td>None</td>
</tr>
<tr>
<td>Fine Art</td>
<td>Rolled 6 policies into 1, saving approximately $5,000 and providing higher limits of liability to enhance gallery ability to obtain exhibits requiring these limits.</td>
<td></td>
</tr>
<tr>
<td>Foreign Liability</td>
<td>similar</td>
<td>similar</td>
</tr>
<tr>
<td>Kidnap &amp; Extortion</td>
<td>New-best practice for system noting travel, etc.</td>
<td></td>
</tr>
<tr>
<td>Multi-Media Professional</td>
<td>New-to protect publishing efforts</td>
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</tr>
<tr>
<td>Students of Oregon (Med/Practicum)</td>
<td>similar</td>
<td>similar</td>
</tr>
<tr>
<td>Owned Aircraft</td>
<td>similar</td>
<td>similar</td>
</tr>
<tr>
<td>Marine Liability (P&amp;I, Hull) (All vessels)</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Marine Excess Personal &amp; Indemnity (P&amp;I)</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Marine Excess P&amp;I (2 OSU Vessels)</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Marine Pollution</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Marine Hull &amp; Machinery (8 scheduled vessels)</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Marine Hull &amp; Machinery (Rowing Shells)</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Marine OTS (over-the-side)</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Endorsed OTS Programs Estimate</td>
<td>Enhanced policies for marine, expanded coverage</td>
<td>In place, limited coverage</td>
</tr>
<tr>
<td>Cyber</td>
<td>To Be Placed</td>
<td>None</td>
</tr>
<tr>
<td>Pollution System-wide</td>
<td>To Be Placed</td>
<td>None</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>New program with SAIF includes: &quot;per occurrence&quot; based policy. New program also based on paying as we go for a &quot;cash-based loss retro&quot;</td>
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<tr>
<td>Other States Workers’ Compensation</td>
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## Exhibit 1-D
DRAFT Engineering Risk Improvement Plan

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Impacted location(s)</th>
<th>Targeted Completion</th>
<th>Estimated Damage</th>
<th>Cost to Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lock sprinkler control valves</td>
<td>ALL</td>
<td>90 days</td>
<td>$0</td>
<td>Varies</td>
</tr>
<tr>
<td>Valve inspections (weekly and monthly)</td>
<td>ALL</td>
<td>90 days</td>
<td>$0</td>
<td>Varies</td>
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<tr>
<td>Utilize the FM Global Red Tag Permit System</td>
<td>ALL</td>
<td>90 days</td>
<td>$0</td>
<td>Varies</td>
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<td>Utilize the FM Global Hot Work Permit System</td>
<td>All but UO</td>
<td>90 days</td>
<td>$0</td>
<td>Varies</td>
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<td>Weekly fire pump testing</td>
<td>OSU, UO</td>
<td>90 days</td>
<td>$0</td>
<td>Varies</td>
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<tr>
<td>Develop Flood Emergency Response Plans</td>
<td>ALL</td>
<td>Oct-2013</td>
<td>$0</td>
<td>Varies</td>
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<tr>
<td>Automatic sprinkler installation at Pierce Library &amp; KEOL Radio</td>
<td>EOU</td>
<td>end of 2012 (in process)</td>
<td>$45,840,000</td>
<td>$0</td>
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<tr>
<td>Improve storage and usage of flammable liquids and diesel fuel</td>
<td>PSU, UO and WOU</td>
<td>Oct-2013</td>
<td>$271,000,000</td>
<td>$100,000</td>
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<tr>
<td>Seismic Gas Shutoff Valve installations and flexible connections and bracing for gas fired equipment</td>
<td>All but EOU</td>
<td>Oct-2013</td>
<td>$354,000,000</td>
<td>$68,500</td>
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<tr>
<td>Automatic sprinkler installation at Churchill Hall</td>
<td>SOU</td>
<td>Oct-2013</td>
<td>$7,700,000</td>
<td>$0</td>
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<tr>
<td>Automatic sprinkler installation at Sackett Hall</td>
<td>OSU</td>
<td>End of 2012 (in process)</td>
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<td>Server room penetrations and storage</td>
<td>UO</td>
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<table>
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<th>Impacted location(s)</th>
<th>Targeted Completion</th>
<th>Estimated Damage</th>
<th>Cost to Complete</th>
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<tr>
<td>Improve storage and usage of flammable liquids and diesel fuel</td>
<td>OSU</td>
<td>Oct-2014</td>
<td>$71,280,000</td>
<td>$140,000</td>
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<td>Seismic Gas Shutoff Valve installations and flexible connections and bracing for gas fired equipment</td>
<td>All but EOU</td>
<td>Oct-2013</td>
<td>$354,000,000</td>
<td>$68,500</td>
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<tr>
<td>Automatic sprinkler installation at Quinn Coliseum</td>
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<td>Oct-2014</td>
<td>$27,700,000</td>
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<td>Automatic sprinkler installation at Science Building</td>
<td>SOU</td>
<td>Oct-2014</td>
<td>$12,000,000</td>
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<table>
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<th>Year 3 - 5</th>
<th>Impacted location(s)</th>
<th>Targeted Completion</th>
<th>Estimated Damage</th>
<th>Cost to Complete</th>
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<tbody>
<tr>
<td>Improve storage and usage of flammable liquids and diesel fuel</td>
<td>OSU, SOU</td>
<td>Oct-2015</td>
<td>$39,350,000</td>
<td>$125,000</td>
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<td>Automatic sprinkler installation at Miller Library</td>
<td>PSU</td>
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<td>Automatic sprinkler installation at McArthur Court</td>
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<td>Automatic sprinkler installation at Bellamy Hall</td>
<td>WOU</td>
<td>Oct-2016</td>
<td>$59,440,000</td>
<td>$150,000</td>
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<tr>
<td>Automatic sprinkler installation at Cordley Hall</td>
<td>OSU</td>
<td>Oct-2016</td>
<td>$57,420,000</td>
<td>$718,000</td>
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<tr>
<td>Key seismic bracing exposures</td>
<td>ALL except EOU</td>
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<table>
<thead>
<tr>
<th>Totals</th>
<th>Estimated Damage*</th>
<th>Cost to Complete* ($)</th>
<th>AS install SF</th>
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<td>Years 3 - 5</td>
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<td>TOTALS</td>
<td>$769,630,000</td>
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*The estimated damage and cost to complete figures do not include automatic sprinkler upgrades.

10/12/2012
F&A Committee
Page 27
Risk Management Update (report)
Exhibit 1-E
OUS Claims Report

Current Policy Year (7/1/12 - present) as of 9/30/2012

### Claims Severity

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<th>Total Incurred (Reserves + Paid)</th>
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<td>$350,000</td>
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<td>$400,000</td>
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### Claims Frequency

**Open**

- 1

**Closed**

- 6

**Incident**

- 26

### Claims Frequency by Claim Type

- **Automobile**
- **Property**
- **General Liability**
- **Marine**

### Prior Policy Years: Open Claims as of 6/30/2012 - Transferred from DAS

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<tr>
<th>Campus</th>
<th>Frequency</th>
<th>Total Reserves</th>
<th>Total Paid</th>
<th>Total Incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
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<td>19</td>
<td>123,808</td>
<td>31,562</td>
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<td>Portland State University</td>
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<td>Southern Oregon University</td>
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<td>150</td>
<td>1,714</td>
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<tr>
<td>University of Oregon</td>
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<td>100,698</td>
<td>10,027</td>
<td>110,725</td>
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<td>Western Oregon University</td>
<td>0</td>
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<tr>
<td>OUS Chancellor's Office</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total for Oregon University System</strong></td>
<td><strong>33</strong></td>
<td><strong>$303,656</strong></td>
<td><strong>$43,303</strong></td>
<td><strong>$346,959</strong></td>
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### Current Policy Year (7/1/12 - present) as of 9/30/2012

<table>
<thead>
<tr>
<th>Campus</th>
<th>Frequency</th>
<th>Total Reserves</th>
<th>Total Paid</th>
<th>Total Incurred</th>
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<tbody>
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<td>Eastern Oregon University</td>
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<td>564,315</td>
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<td>Oregon Institute of Technology</td>
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<tr>
<td>Oregon State University</td>
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<td>991,492</td>
<td>8</td>
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<td>Portland State University</td>
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<td>345,404</td>
<td>24</td>
<td>345,428</td>
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<tr>
<td>Southern Oregon University</td>
<td>6</td>
<td>96,597</td>
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<td>University of Oregon</td>
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<td>511,856</td>
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<td>Western Oregon University</td>
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<td>OUS Chancellor's Office</td>
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<tr>
<td><strong>Total for Oregon University System</strong></td>
<td><strong>74</strong></td>
<td><strong>$2,555,665</strong></td>
<td><strong>$9,047</strong></td>
<td><strong>$2,564,712</strong></td>
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<tr>
<td>Activity</td>
<td>Description of Activity</td>
<td>Comments</td>
<td>Date to be Completed</td>
<td>Date Completed</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------</td>
<td>----------</td>
<td>----------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Broker</td>
<td>Hire Broker of Record</td>
<td>Hired Arthur J. Gallagher</td>
<td>April, 2012</td>
<td>April, 2012</td>
</tr>
<tr>
<td>Third Party Administrator</td>
<td>Hire Third Party Administrator (TPA)</td>
<td>Hired Sedgwick as TPA</td>
<td>April, 2012</td>
<td>April, 2012</td>
</tr>
<tr>
<td></td>
<td>Bind coverage for all insurance lines effective July 1, 2012</td>
<td>Coverage bound through Arthur J. Gallagher</td>
<td>June, 2012</td>
<td>June, 2012</td>
</tr>
<tr>
<td></td>
<td>Organize and complete property inspections of all campuses</td>
<td>Property inspections completed</td>
<td>July, 2012</td>
<td>July, 2012</td>
</tr>
<tr>
<td>Processes</td>
<td>Develop process and forms for requesting Certificates of Insurance</td>
<td>Finalized forms and process</td>
<td>July, 2012</td>
<td>July, 2012</td>
</tr>
<tr>
<td></td>
<td>Finalize claims process with Campus Risk Managers</td>
<td>Claims process completed</td>
<td>August, 2012</td>
<td>August, 2012</td>
</tr>
<tr>
<td></td>
<td>Complete and distribute Insurance Standard Terms and Conditions document</td>
<td></td>
<td>October, 2012</td>
<td></td>
</tr>
<tr>
<td>Risk Management Information System</td>
<td>Obtain stakeholder approval for Risk Management Information System (RMIS)</td>
<td>Stakeholder approval obtained, and contract finalized</td>
<td>September, 2012</td>
<td>September, 2012</td>
</tr>
<tr>
<td></td>
<td>Develop plan for implementation of RMIS system</td>
<td></td>
<td>October, 2012</td>
<td></td>
</tr>
<tr>
<td>DAS Carve-Out</td>
<td>Form OUS Allocation team</td>
<td>OUS Allocation team formed with eight members</td>
<td>July, 2012</td>
<td>July, 2012</td>
</tr>
<tr>
<td></td>
<td>Hire actuary to assist with allocation</td>
<td>Hired PricewaterhouseCoopers</td>
<td>August, 2012</td>
<td>August, 2012</td>
</tr>
<tr>
<td></td>
<td>Finalize DAS separation</td>
<td></td>
<td>October, 2012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete Allocation of Pool</td>
<td></td>
<td>November, 2012</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Review Student Voluntary Health Insurance for System-wide program</td>
<td></td>
<td>November, 2012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Develop and implement enhanced training for claims, contracts</td>
<td></td>
<td>November, 2012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete OUS Risk Policies</td>
<td></td>
<td>November, 2012</td>
<td></td>
</tr>
</tbody>
</table>
F&A Committee Detailed 2012-13 Work Plan
Draft for Committee Discussion and Consideration:

October 2012:
- Annual financial statement analysis
- Quarterly Internal Audit Progress Report
- Approval of Fraud, Waste and Abuse Hotline Policy
- Review of proposed OUS Code of Ethics
- Risk management update
- Consideration of F&A Detailed 2012-13 Work Plan
- SB 242 Issues, Goals and Anticipated Outcomes
- Discuss Committee preferences on “guidance” to campuses for 2014-15 tuition setting
- Update re. developments in 2013-15 budget process (time permitting)

November 2012:
- Q1 Mgmt. and Investment Reports
- Final review of SB 242 Labor-Management Committee Reports, including transmittal letter to accompany reports to Legislature
- Approve “guidance” to campuses for 2014-15 tuition setting, if different from 2013-14 guidance
- Allocation of FY13 incentive funding (will probably be presented by Melody Rose)
- Update of any new developments in 2013-15 budget process
- Will F & A need to review distribution of FY13 incentive funding or will ASC approve that?
- Return on Physical Assets and Deferred Maintenance Report (Sightlines)
- 2013-15 Capital Plan Communication Documents
- NCAA Financial and Compliance discussion

December 2012:
- F&A Retreat - Executive session: Scenario Modeling

January 2013:
- Q2 Mgmt. and Investment Reports
- 2013 Internal Audit Plan and Final 2012 Progress Report
- External Auditor Annual Report
- Quarterly Internal Audit Progress Report
- OUS Master Plan and Sustainability Goals
- Construction Management Training Program
- Possible re-visititation of UO Erb MU project
- Review of Governor’s Recommended Budget
February 2013:
- Q2 Mgmt. and Investment Reports
- SB 242 One year later:
  - Legal Services Report/Update
  - Campus contract review
- Discussion of cost controls and revenue opportunities
- Possible re-visitation of UO Erb MU project
- Risk Management Update

March 2013:
- Capital Request Update
- Sustainability and Greenhouse Gas Inventory Report
- Continuing discussion of cost controls and revenue opportunities
- ORP – normal retirement age discussion
- Legislative update

April 2013:
- MWESB Annual Procurement Report
- Legislative update
- Continuing discussion of cost controls and revenue opportunities
- Administrative rule and policy framework review

May 2013:
- Q3 Mgmt. and Investment Reports
- Tuition proposal review
- Quarterly Internal Audit Progress Report
- Legislative update
- Risk management update

June 2013:
- Discussion of Proposed approach to 2013-15 Budget Allocation and Fiscal Year 2013-14 Budget Allocation
- Legislative update

July 2013:
- Review of Legislative budget if completed
- Approval of proposed approach to 2013-15 Budget Allocation and Fiscal Year 2013-14 Budget Allocation (last time occurred in September, so maybe this is early)

August 2013:
- Review of Legislative budget
- Q4 Mgmt. and Investment Reports
- Quarterly Internal Audit Progress Report
## Senate Bill 242 - Update on Goals and Plans

Scorecard: Green = Successful; Yellow = Unsure; Red = Not Successful

<table>
<thead>
<tr>
<th>Issue</th>
<th>Goal</th>
<th>Outcome/Expectation</th>
<th>Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improved/More Efficient Operations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure Limitation</td>
<td>Less reporting and restrictions on operations</td>
<td>Only those capital projects funded from State appropriations or State General obligation bonds require Legislative approval (limitation). All other capital projects do not require Legislative approval saving time and resulting in other efficiencies in the planning and construction processes.</td>
<td>Successful</td>
</tr>
<tr>
<td>Eliminated</td>
<td>Less budget approvals and process give campuses greater flexibility for operations and capital projects. Fewer E-Board requests save time, expedite project approvals. Absence of expenditure limitations allows campuses to spend revenues to serve unexpected enrollments Less overhead and administrative burden – due to a focus on performance metrics as opposed to line-item controls – focuses the conversation on value adding activities and issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elimination</td>
<td>Better quality, more consistent advice in a more timely manner</td>
<td>The Policy on Legal Services, passed by this Committee in November 2011, serves as the framework governing the implementation of a legal services scheme with following component: (1) Delegation. This essential structure—in-house counsel at the larger campuses serving UO, OSU, and PSU and in-house counsel in the Chancellor’s Office serving the</td>
<td>Successful</td>
</tr>
<tr>
<td>Eliminate dependence on DOJ for legal services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue</td>
<td>Goal</td>
<td>Outcome/Expectation</td>
<td>Scorecard</td>
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<tr>
<td></td>
<td></td>
<td>Board, the Chancellor’s Office and the four smaller institutions—was preserved through a delegation of authority to the larger campuses.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) In-House Counsel. After January 1, 2012, the larger campuses and the Chancellor’s Office increased in-house staff in order to compensate for the loss of DOJ services. Currently, the entire OUS—as an organization—has sixteen in-house attorneys with complimentary experiences, skill sets, and backgrounds.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(3) Outside Counsel. The policy calls for three tiers of outside counsel engagements: full-services firms that can be called on for a wide variety of matters by any OUS institution or the Chancellor’s Office, firms on retainer for specific expertise or regional purposes, and firms or attorneys hired to handle a specific matter. The majority of these engagements are with Oregon attorneys or firms.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4) Communication/Accountability. In order to keep a pulse on legal advice and consistency across OUS, a number of communication mechanisms have been implemented and used liberally and effectively.</td>
<td></td>
</tr>
<tr>
<td>Issue</td>
<td>Goal</td>
<td>Outcome/Expectation</td>
<td>Scorecard</td>
</tr>
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</tr>
<tr>
<td>(5) Board Report.</td>
<td>The policy requires the OUS General Counsel to do an annual board report.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget development process is improved.</td>
<td>Funding of System would be based on a performance compact, changing the focus from inputs to outcomes, based on agreed upon performance targets set each biennium between the System, the Legislature, and the Governor.</td>
<td>2013-15 will be first test of this new process, however, we have been treated like OHSU which has a block grant inflated by 2.4% per biennium when we requested a budget build-up similar to community colleges which includes other specific inflationary adjustments for certain line-items, like benefits.</td>
<td>Unsure</td>
</tr>
<tr>
<td>Less fear of fund balance sweeps by Legislature</td>
<td>Ability to manage OUS affairs free of Executive/Legislative branch involvement</td>
<td>Mixed results to date, need more time to ensure this does not occur, though Legislature can always reduce State GF allocation and accomplish the same end.</td>
<td>Unsure</td>
</tr>
<tr>
<td>Fewer restrictions or mandates from DAS/Legislature</td>
<td>Less interference in operations requirement to comply with strictures directed at State agencies</td>
<td>Avoided span of control budget reductions, restrictions on numbers of managers and other strictures applicable to State agencies. Savings estimated at ~ $7M in reductions avoided</td>
<td>Successful</td>
</tr>
<tr>
<td>Improved tuition setting process</td>
<td>Greater student involvement and lower changes year over year</td>
<td>First year outcome was encouraging, but more work is needed on limiting increases for resident undergraduate students.</td>
<td>Unsure</td>
</tr>
<tr>
<td>Successful</td>
<td></td>
<td>Successful</td>
<td></td>
</tr>
<tr>
<td>Revenue bonds</td>
<td>Fewer approvals give institutions more flexibility for capital financing</td>
<td>Seeking statutory change to allow OUS to sell revenue bonds without Legislative authorization. To date, we have not requested any revenue bond authorization nor used revenue bonding</td>
<td>Unsure</td>
</tr>
<tr>
<td>Issue</td>
<td>Goal</td>
<td>Outcome/Expectation</td>
<td>Scorecard</td>
</tr>
<tr>
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</tr>
<tr>
<td>Focus on student success</td>
<td>OUS, the Legislature, and Governor will agree on a performance compact with a set of long-term student success measures, with reporting each biennium, and focusing on increased accountability for student success outcomes. Establishing these longer term measures will enable outcomes to influence budget decision-making and help the state meet its higher education goals in a more deliberative manner.</td>
<td>To be determined as this is part of our proposed performance compact. We have been making progress in numbers of degrees, retention, etc. We have also been using budget incentives in the past years with some success.</td>
<td>Unsure</td>
</tr>
<tr>
<td>Better Control Over or Reduced Costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td>Broad, higher education focused coverages, more incentives and training to mitigate claims, greater control over claims settlement, lower costs</td>
<td>In process, modest savings expected in near term due to underfunded reserves at inception and rate increases in the marketplace. Heightened risk awareness on campuses result in fewer claims, money saved and more intelligent operations over the longer run. Property insurer expectations re. gas shut-off valves, sprinkler systems, etc.</td>
<td>successful</td>
</tr>
<tr>
<td>Reduced State Assessments</td>
<td>Cost savings</td>
<td>No longer subject to: DAS Budget and Management, DAS Facilities, DAS Director, DAS Controller, DAS Enterprise Security assessments – saves ~$2.1M per biennium in assessments</td>
<td>successful</td>
</tr>
<tr>
<td>Issue</td>
<td>Goal</td>
<td>Outcome/Expectation</td>
<td>Scorecard</td>
</tr>
<tr>
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</tr>
<tr>
<td>Discontinue Pattern Bargaining with DAS</td>
<td>Greater control over collective bargaining allows OUS to save money and have labor contracts more suited to campus desires and needs</td>
<td>DAS is always first to settle with SEIU and sets the tone and expectations for other bargaining tables. This limits OUS’ ability to negotiate different settlements independent of DAS. We have a verbal understanding with DAS that we need not pattern bargain this year. Results to be determined based on 2013-15 contract negotiations</td>
<td>Unsure Successful</td>
</tr>
<tr>
<td>Employee Benefits – PEBB</td>
<td>Greater control over costs = reduced tuition more sustainable campuses with total compensation more aligned with peer institutions</td>
<td>More say in PEBB operations with greater State GF funding to offset cost increases, thus reducing the need to raise tuition to fund these costs.</td>
<td>Unsure</td>
</tr>
<tr>
<td>Employee Benefits – ORP</td>
<td>Decouple ORP from PERS and have stable contribution rate to ensure better participant planning with adequate funding for retirement, minimize cost growth over time</td>
<td>Pending Legislative report and request for statutory change to limit ORP contributions independent of PERS rate fluctuations.</td>
<td>Unsure</td>
</tr>
<tr>
<td>Classification/Compensation System Changes</td>
<td>Moving to a more efficient, effective, responsive, fair and equitable classification/compen-sation system coupled with performance management to support recruitment, motivation and retention of well-qualified workforce</td>
<td>Preliminary study completed with recommendations for new structures and systems. Next phase of the project is to obtain agreement on going-forward plans, design new classification structure, survey employees for proper placement and negotiate new compensation structure to compliment this new system</td>
<td>Unsure</td>
</tr>
<tr>
<td>Issue</td>
<td>Goal</td>
<td>Outcome/Expectation</td>
<td>Scorecard</td>
</tr>
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<td>------------------------------------------------</td>
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</tr>
<tr>
<td><strong>Enhanced Revenues:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retain 100% of Investment Earnings</td>
<td>Better cash flow and investment management to garner added revenues. A natural hedge for variable rate debt exposure used to lower overall costs of capital; and better incentives for improved cash flow management. Estimated this would result in $7M of added revenues for OUS. LFO reduced OUS GF budget by $21M.</td>
<td>OUS retains 100% of the investment earnings on its cash balances, enabling it to further invest in student aid, instruction, support services, and other vital campus operations which serve students and the campus community. Actual investment earnings for the first 8 months of the calendar year: $6,447,200 Total “B1” investment earnings retained (that normally would have gone to the State): $3,588,700 Ability to invest idle cash in campus projects enhances investment returns, while providing cash for projects (win-win)</td>
<td>Successful in implementing internal bank and stratified investment program for maximum earnings.</td>
</tr>
<tr>
<td>Greater freedom for campus brand differentiation leads to enhanced revenues</td>
<td>Enhanced recruitment of non-resident and international students, other revenue possibilities</td>
<td>To be determined – too early to tell.</td>
<td>Unsure</td>
</tr>
</tbody>
</table>
Campus Process for Tuition Recommendations for the Academic Year 2013-14 and Summer Term 2014

SUMMARY
As institutions initiate the development of their tuition rate recommendations for 2013-14, the Finance and Administration Committee and institutional representatives are asked to consider last year’s presentation process and provide feedback on what worked well or could be improved.

CALENDAR
The schedule for developing the 2013-14 OUS Fee Book is in process and will be forthcoming upon finalization of the schedule of Board meetings for 2013.

BACKGROUND
Last year the OUS tuition setting process was expanded. Institutions established processes to allow for expanded student participation as required by Senate Bill 242. OAR 580-10-0089 “Student Involvement in Development of Proposed Resident Undergraduate Tuition Rates” was approved by the Board to facilitate this change (attached for reference). Institutional processes to expand student involvement are now in place. Last year was transitional, and several institutions indicated they would take steps to improve their processes going forward.

Elements of Institution Presentations – Prior Year
Another new aspect of the prior tuition setting process was having institutions individually made presentations of their proposed tuition rates to the Finance and Administration Committee. Last year, institutions were asked to address the following elements as part of submitting their tuition rate recommendations to the Board:

1. Describe your institution’s tuition strategy. Describe how the strategy fits within the overall strategic plans of the institution and system.
2. Describe the process used to ensure student participation in the development of the proposed rates, include a summary of the feedback received from students on the proposed rates.
3. Provide benchmarks or peer group comparisons, if any were used to inform your process.
4. Describe how the proposed rates will impact access and affordability on your campus. Include a discussion of how you intend to meet the Board’s policy of funding at least 12% of unmet need of resident undergraduate students.
5. Provide a summary of how this rate proposal will maintain campus financial sustainability over the fiscal year with projections of Education and General (E&G) fund balance at 6/30/13.
6. Provide the specific tuition and fee rates being proposed.
   o If any new differential tuition rates are being proposed include supporting documentation as specified in the Board’s Differential Tuition Policy.
If rate increases are being proposed, discuss how incremental revenues will be deployed.
Discuss how your proposal comports with the 2011-2013 budget note limiting tuition rates.

DISCUSSION
From both the Committee and institutional perspective, what elements are important to include in the presentations (either written or oral) of 2013-14 tuition rate recommendations to the Committee?

OAR 580-010-0089
Student Involvement in Development of Proposed Resident Undergraduate Tuition Rates
(1) The Board shall establish the tuition and fees to be assessed at each institution in accordance with applicable statutes and upon the recommendation of the institution president and the Chancellor. This section shall not impair the entities of student government or the Board under ORS 351.070(3)(d).
(2) Each institution will establish a process for student participation in the development of recommended rates for resident undergraduate tuition. The planned process will be communicated to the duly elected student government for discussion and input.
(3) Prior to the formal submission of proposed tuition rates to the Chancellor, or designee, the institution president, or designee, will provide an opportunity for the duly elected student government to consider and comment on the proposed rates. Efforts shall be made by both the appropriate student representatives and members of the university administration to accomplish this exchange in a timely manner that 1) provides for adequate student consideration and takes into account the academic calendar and 2) allows institutions to meet necessary deadlines for submission of proposals.
(4) As part of formally submitting rate proposals to the Chancellor, or designee, the institution president (or designee) will convey: 1) the process used by that institution to involve students in the development of recommended tuition rates and 2) the specific resident undergraduate tuition rates being proposed.
Stat. Auth.: ORS 351
Stats. Implemented:
Hist.: OUS 6-2012, f. & cert. ef. 6-18-12
Update on 2013-15 Budget Process

SUMMARY
This is a brief report on activities that have occurred since the submittal of the OUS 2013-15 budget request to the Department of Administrative Services (DAS) in August.

RECENT ACTIVITIES
Responses to a number of follow-up questions have been provided to DAS. Chancellor Pernsteiner met with the Education Funding Team. Several representatives from Oregon State University met with the Economy and Jobs Funding Team (Dan Arp, Dean of the College of Agricultural Sciences; Rick Spinrad, Vice President for Research; Ron Adams, Executive Associate Vice President for Research) along with representatives from OreonInC.

Most recently the Education Funding Team (EFT) recommendations were submitted to the Oregon Education Investment Board (OEIB). The full report follows, but items specific to OUS are noted below.

The report generally prioritized these categories of state investments in education:
1) Debt service
2) Strategic Investments
3) Formula Funding
4) State Infrastructure
5) Other

Within the recommended strategic investments, Eastern Promise was the specific OUS proposal that was mentioned.

For post-secondary formula funding, the EFT recommended that in the 2013-15 budget 30 percent of formula funding be allocated based on outcomes (such as degrees); include extra weighting for underserved students; recognize distinct university missions beyond 40-40-20 (public service and research); and provide for transitional implementation to avoid extreme changes in funding levels. Expansion of need-based aid was prioritized over a tuition “buy down” approach, with interest in targeting the Oregon Opportunity Grant and moving away from awarding on a “first-come, first-served” basis.

Recommendations regarding state infrastructure were general in nature, but did reference seeking efficiencies, more cross-sector collaboration, and aligning with the P-20 approach. As part of recommendations on organizational design, a number of specific activities were noted as responsibilities of the Chief Education Officer. Two of those, a research unit/team and the statewide longitudinal database system, had been included in an OUS cross sector proposal.

UPCOMING ACTIVITIES
The OEIB has scheduled a series of community forums to gather public comment on education funding. Announcement of specific meetings is attached.
Oregon Education Investment Board

Share Your Expectations and Priorities for Education Funding
Seven community forums and a webinar scheduled in the month of October

The Oregon Education Investment Board (OEIB) will hold seven community forums and a webinar at which stakeholders can provide input and feedback on education funding. The OEIB will present its vision for building a seamless P-20 system and, most important, provide an opportunity for all Oregonians to engage in the conversation and share their own expectations and priorities.

The forums will be held from October 15th through the 30th at 6-8:00 p.m., and will offer a family-friendly area for parents with children, as well as light snacks and refreshments.

Anyone wishing to speak must sign in beginning at 5:30 p.m. Individuals will be heard on a first come basis. Each speaker will be given two minutes. Public comments may also be emailed to: education.investment@state.or.us.

Community Forums:

Monday, October 15 – Eastern Oregon
Hermiston High School, Commons Room
600 S. First Street, Hermiston, OR 97838
6-8:00 p.m.

Wednesday, October 24 – Medford
North Medford High School, Commons
1900 North Keene Way Drive, Medford, OR 97504
6-8:00 p.m.

Wednesday, October 17 – Eugene
University of Oregon
Ford Alumni Center, Gustina Ballroom
1720 East 13th Avenue, Eugene, OR 97403
6-8:00 p.m.

Thursday, October 25 – Coos Bay
Southwestern Oregon Community College, Performing Arts Center, Lakeview Room, 2nd Floor
1988 Newmark Avenue, Coos Bay, OR 97420
6-8:00 p.m.

Thursday, October 18 – Portland
Marshall High School, Auditorium
3905 91st Avenue, Portland, OR 97266
6-8:00 p.m.

Monday, October 29 – WEBINAR
Streams at:
http://www.ode.state.or.us/search/page/?id=3810
3-5:00 p.m.

Tuesday, October 23 – Salem
McKay High School, Auditorium
2440 Lancaster Drive, Northeast Salem, OR 97305
6-8:00 p.m.

Tuesday, October 30 – Bend
Pilot Butte Middle School, Cafeteria
1501 Northeast Neff Road, Bend, OR 97701
6-8:00 p.m.

Should you have questions or need more information, please contact Seth Allen at seth.allen@state.or.us.

All locations are accessible to individuals with disabilities. For other accommodations or language interpretation, please contact Seth Allen at the Oregon Education Investment Board via seth.allen@state.or.us or 503-378-8213 at least 48 hours prior to the meeting.
2011-12 OUS ANNUAL FINANCIAL STATEMENTS


Oregon University System
CONSOLIDATING STATEMENT OF NET ASSETS

As of June 30, (in thousands)

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<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
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<tr>
<td><strong>Current Assets</strong></td>
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<tr>
<td>Cash and Cash Equivalents</td>
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<td>$395,755</td>
<td>$485,599</td>
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<td>253,626</td>
<td>366,704</td>
<td>375,509</td>
<td>414,901</td>
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<tr>
<td>Accounts Receivable, Net</td>
<td>224,989</td>
<td>216,269</td>
<td>202,494</td>
<td>192,058</td>
<td>176,622</td>
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<td>Inventories</td>
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<td>24,413</td>
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<td>216,269</td>
<td>202,494</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>604,079</td>
<td>913,849</td>
<td>1,094,478</td>
<td>943,784</td>
<td>999,071</td>
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<tr>
<td><strong>Noncurrent Assets</strong></td>
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<tr>
<td>Cash and Cash Equivalents</td>
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<td>458,038</td>
<td>498,042</td>
<td>539,846</td>
<td>460,614</td>
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<td>Due From Other OUS Funds and Entities</td>
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<td>Capital Assets, Net of Accumulated Depreciation</td>
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<td>2,473,203</td>
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<td><strong>Total Noncurrent Assets</strong></td>
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<td>$3,402,194</td>
<td>$3,183,744</td>
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<td><strong>LIABILITIES</strong></td>
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<tr>
<td><strong>Current Liabilities</strong></td>
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<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>$179,927</td>
<td>$177,377</td>
<td>$144,184</td>
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<td>Deposits</td>
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<td>18,429</td>
<td>23,060</td>
<td>18,637</td>
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<td>Obligations Under Securities Lending</td>
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<td>253,626</td>
<td>366,704</td>
<td>375,509</td>
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<tr>
<td>Current Portion of Long-Term Liabilities</td>
<td>127,354</td>
<td>126,234</td>
<td>99,578</td>
<td>100,884</td>
<td>88,758</td>
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<td>122,269</td>
<td>115,846</td>
<td>105,333</td>
<td>92,339</td>
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<td><strong>Total Current Liabilities</strong></td>
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<td>728,296</td>
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<tr>
<td><strong>Noncurrent Liabilities</strong></td>
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<tr>
<td>Long-Term Liabilities</td>
<td>1,876,086</td>
<td>1,944,183</td>
<td>1,698,063</td>
<td>1,426,532</td>
<td>1,239,174</td>
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<td>Due to Other OUS Funds and Entities</td>
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<tr>
<td><strong>Total Noncurrent Liabilities</strong></td>
<td>1,876,086</td>
<td>1,944,183</td>
<td>1,698,063</td>
<td>1,426,532</td>
<td>1,239,174</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
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<td>$2,642,118</td>
<td>$2,447,435</td>
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<td>$1,967,470</td>
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<tbody>
<tr>
<td><strong>NET ASSETS</strong></td>
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<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
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<td>$833,522</td>
<td>$784,358</td>
<td>$729,382</td>
<td>$631,627</td>
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<td>Restricted For:</td>
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<td>Nonexpendable Endowments</td>
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<td>Expendable:</td>
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<tr>
<td>Gifts, Grants, and Contracts</td>
<td>76,195</td>
<td>83,443</td>
<td>78,577</td>
<td>90,019</td>
<td>103,297</td>
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<td>Student Loans</td>
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<td>84,935</td>
<td>85,616</td>
<td>86,987</td>
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<td>Unrestricted Net Assets</td>
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<td>348,956</td>
<td>268,974</td>
<td>167,529</td>
<td>186,145</td>
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<td><strong>Total Net Assets</strong></td>
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<td>$1,554,413</td>
<td>$1,413,794</td>
<td>$1,225,325</td>
<td>$1,216,274</td>
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Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.
### OPERATING REVENUES

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Student Tuition and Fees, Net</strong></td>
<td>794,444</td>
<td>719,852</td>
<td>627,911</td>
<td>542,276</td>
<td>496,012</td>
</tr>
<tr>
<td><strong>Federal Grants and Contracts</strong></td>
<td>343,709</td>
<td>335,573</td>
<td>300,219</td>
<td>276,049</td>
<td>254,716</td>
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<td><strong>State and Local Grants and Contracts</strong></td>
<td>23,882</td>
<td>19,039</td>
<td>16,664</td>
<td>15,970</td>
<td>18,356</td>
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<td><strong>Nongovernmental Grants and Contracts</strong></td>
<td>40,497</td>
<td>44,758</td>
<td>39,148</td>
<td>50,610</td>
<td>37,544</td>
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<td><strong>Educational Department Sales and Services</strong></td>
<td>54,707</td>
<td>56,396</td>
<td>56,626</td>
<td>55,911</td>
<td>56,274</td>
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<tr>
<td><strong>Auxiliary Enterprise Revenues, Net</strong></td>
<td>365,914</td>
<td>349,303</td>
<td>317,043</td>
<td>289,230</td>
<td>270,668</td>
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<tr>
<td><strong>Other Operating Revenues</strong></td>
<td>32,804</td>
<td>27,406</td>
<td>20,391</td>
<td>22,628</td>
<td>23,800</td>
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<td><strong>Total Operating Revenues</strong></td>
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<td>1,552,327</td>
<td>1,378,002</td>
<td>1,252,674</td>
<td>1,157,370</td>
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### OPERATING EXPENSES

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<tbody>
<tr>
<td><strong>Instruction</strong></td>
<td>682,611</td>
<td>626,267</td>
<td>565,284</td>
<td>567,543</td>
<td>530,029</td>
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<td><strong>Research</strong></td>
<td>301,046</td>
<td>297,065</td>
<td>283,779</td>
<td>276,878</td>
<td>239,389</td>
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<td><strong>Public Service</strong></td>
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<td>141,545</td>
<td>131,769</td>
<td>132,366</td>
<td>127,972</td>
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<tr>
<td><strong>Academic Support</strong></td>
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<td>143,416</td>
<td>130,112</td>
<td>130,395</td>
<td>118,843</td>
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<tr>
<td><strong>Student Services</strong></td>
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<td>79,826</td>
<td>72,138</td>
<td>73,214</td>
<td>65,570</td>
</tr>
<tr>
<td><strong>Auxiliary Programs</strong></td>
<td>399,302</td>
<td>366,157</td>
<td>357,020</td>
<td>329,919</td>
<td>307,355</td>
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<td><strong>Institutional Support</strong></td>
<td>175,990</td>
<td>163,030</td>
<td>146,144</td>
<td>151,865</td>
<td>133,270</td>
</tr>
<tr>
<td><strong>Operation and Maintenance of Plant</strong></td>
<td>97,917</td>
<td>97,735</td>
<td>89,369</td>
<td>84,153</td>
<td>79,971</td>
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<tr>
<td><strong>Student Aid</strong></td>
<td>95,377</td>
<td>94,511</td>
<td>90,709</td>
<td>72,857</td>
<td>60,589</td>
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<tr>
<td><strong>Other Operating Expenses</strong></td>
<td>112,021</td>
<td>94,327</td>
<td>96,388</td>
<td>96,745</td>
<td>94,279</td>
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<td><strong>Total Operating Expenses</strong></td>
<td>2,249,847</td>
<td>2,103,879</td>
<td>1,962,712</td>
<td>1,915,935</td>
<td>1,757,267</td>
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### NONOPERATING REVENUES (EXPENSES)

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<tbody>
<tr>
<td><strong>Government Appropriations</strong></td>
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<td>386,745</td>
<td>392,458</td>
<td>402,667</td>
<td>424,119</td>
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<td><strong>Grants</strong></td>
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<td>152,537</td>
<td>149,925</td>
<td>112,129</td>
<td>86,481</td>
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<td><strong>Investment Activity</strong></td>
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<td>31,513</td>
<td>23,709</td>
<td>9,209</td>
<td>24,820</td>
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<td><strong>Gain (Loss) on Sale/Disposal of Assets, Net</strong></td>
<td>(1,338)</td>
<td>(201)</td>
<td>(875)</td>
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<td>1,562</td>
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<tr>
<td><strong>Interest Expense</strong></td>
<td>(82,959)</td>
<td>(76,765)</td>
<td>(66,895)</td>
<td>(64,508)</td>
<td>(52,927)</td>
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<tr>
<td><strong>Other Nonoperating Items</strong></td>
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<td>115,093</td>
<td>130,534</td>
<td>96,667</td>
<td>100,141</td>
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<tr>
<td><strong>Net Nonoperating Revenues</strong></td>
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<td>608,922</td>
<td>628,856</td>
<td>559,132</td>
<td>584,196</td>
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### Income (Loss) Before Other Revenues, Expenses, Gains or Losses

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</thead>
<tbody>
<tr>
<td><strong>Operating Loss</strong></td>
<td>(593,890)</td>
<td>(551,552)</td>
<td>(584,710)</td>
<td>(663,261)</td>
<td>(599,897)</td>
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</table>

### NONOPERATING REVENUES (EXPENSES)

<table>
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<tbody>
<tr>
<td><strong>Capital and Debt Service Appropriations</strong></td>
<td>49,116</td>
<td>36,686</td>
<td>36,066</td>
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<td><strong>Capital Grants and Gifts</strong></td>
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<td>75,707</td>
<td>55,107</td>
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<td><strong>Additions to Permanent Endowments</strong></td>
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<td><strong>Contribution to (Distribution of) Capital Assets</strong></td>
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<td>-</td>
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<tr>
<td><strong>Transfers within OUS</strong></td>
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<td><strong>Total Other Nonoperating Revenues</strong></td>
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<td>83,249</td>
<td>144,323</td>
<td>113,180</td>
<td>96,169</td>
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### Increase (Decrease) In Net Assets

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<tbody>
<tr>
<td><strong>17,703</strong></td>
<td>140,619</td>
<td>188,469</td>
<td>9,051</td>
<td>80,468</td>
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### NET ASSETS, BEGINNING OF YEAR

<table>
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<tbody>
<tr>
<td><strong>1,554,413</strong></td>
<td>1,413,794</td>
<td>1,225,325</td>
<td>1,216,274</td>
<td>1,135,806</td>
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</tbody>
</table>

### NET ASSETS, END OF YEAR

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<td><strong>1,572,116</strong></td>
<td>$1,413,794</td>
<td>$1,225,325</td>
<td>$1,216,274</td>
<td>$1,135,806</td>
<td></td>
</tr>
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</table>
**Oregon University System**

(Dollar amounts in thousands)

### Current Ratio:

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<td>Current Assets</td>
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<td>1,084,478</td>
<td>943,784</td>
<td>999,071</td>
</tr>
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<td>697,935</td>
<td>749,372</td>
<td>750,337</td>
<td>728,296</td>
</tr>
</tbody>
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### Contribution Ratio:

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<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>794,444</td>
<td>719,852</td>
<td>627,911</td>
<td>542,276</td>
<td>486,012</td>
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<td>Grants and Contracts</td>
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<td>399,370</td>
<td>356,031</td>
<td>342,629</td>
<td>310,616</td>
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<td>Auxiliary Enterprises</td>
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<td>349,303</td>
<td>317,043</td>
<td>289,230</td>
<td>270,665</td>
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<td>83,802</td>
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### Total Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense

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<th>Fiscal Year 2008</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2009</th>
<th>2008</th>
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<tr>
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### Contribution to Use of Fund Balance

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<tbody>
<tr>
<td>XI-F</td>
<td>1,148,655</td>
<td>94,876</td>
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(A) Educational Department Sales and Services and Other Operating Revenues
(B) Federal Appropriations, Investment Activities, Other Nonoperating Items
(C) Total Adjusted Expenses: Operating Expenses and Interest Expense

### Oregon State Board of Higher Education

**Page A3**

**Annual Financial Analysis**
## Oregon University System
### Annual FTE Summary: 1996-97 to 2025-26

<table>
<thead>
<tr>
<th></th>
<th>System 1996-97</th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
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## Eastern Oregon University

### CONSOLIDATING STATEMENT OF NET ASSETS

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<td>Current Liabilities</td>
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<td>540</td>
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<td>Current Portion of Long-Term Liabilities</td>
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<td>1,558</td>
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<td>Long-Term Liabilities</td>
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Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation. Fiscal Year 2012 is not fully adjusted for financial reporting.
### CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

**Eastern Oregon University**

For The Year Ended June 30, (in thousands)

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<th></th>
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<td>155</td>
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<td><strong>49,404</strong></td>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Appropriations</td>
<td>13,505</td>
<td>16,759</td>
<td>17,764</td>
<td>16,334</td>
<td>17,453</td>
</tr>
<tr>
<td>Grants</td>
<td>9,204</td>
<td>8,721</td>
<td>7,593</td>
<td>5,883</td>
<td>4,261</td>
</tr>
<tr>
<td>Investment Activity</td>
<td>97</td>
<td>271</td>
<td>202</td>
<td>39</td>
<td>24</td>
</tr>
<tr>
<td>Gain (Loss) on Sale/Disposal of Assets, Net</td>
<td>-</td>
<td>(1)</td>
<td>(7)</td>
<td>(47)</td>
<td>(52)</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(2,855)</td>
<td>(2,525)</td>
<td>(2,386)</td>
<td>(2,189)</td>
<td>(2,320)</td>
</tr>
<tr>
<td>Other Nonoperating Items</td>
<td>12</td>
<td>70</td>
<td>178</td>
<td>142</td>
<td>278</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues</strong></td>
<td><strong>19,963</strong></td>
<td><strong>23,295</strong></td>
<td><strong>22,988</strong></td>
<td><strong>20,162</strong></td>
<td><strong>19,644</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Capital and Debt Service Appropriations</td>
<td>2,860</td>
<td>2,621</td>
<td>2,348</td>
<td>2,200</td>
<td>3,400</td>
</tr>
<tr>
<td>Capital Grants and Gifts</td>
<td>-</td>
<td>-</td>
<td>27</td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Additions to Permanent Endowments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to (Distribution of) Capital Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers within OUS</td>
<td>2,246</td>
<td>813</td>
<td>2,033</td>
<td>2,116</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Total Other Nonoperating Revenues</strong></td>
<td><strong>5,106</strong></td>
<td><strong>3,434</strong></td>
<td><strong>4,408</strong></td>
<td><strong>4,336</strong></td>
<td><strong>3,388</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decrease) In Net Assets</td>
<td>(2,123)</td>
<td>1,013</td>
<td>1,545</td>
<td>(54)</td>
<td>1,342</td>
</tr>
</tbody>
</table>

### NET ASSETS, BEGINNING OF YEAR

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>NET ASSETS, END OF YEAR</td>
<td>$19,273</td>
<td>$21,396</td>
<td>$20,383</td>
<td>$18,838</td>
<td>$18,892</td>
</tr>
</tbody>
</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.

Fiscal year 2012 is not fully adjusted for financial reporting.
## Eastern Oregon University

(Dollar amounts in thousands)

### Current Ratio:

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>11,569</td>
<td>13,607</td>
<td>13,258</td>
<td>9,741</td>
<td>9,503</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>8,829</td>
<td>13,124</td>
<td>14,564</td>
<td>15,039</td>
<td>15,502</td>
</tr>
</tbody>
</table>

### Contribution Ratio:

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>15,421</td>
<td>14,505</td>
<td>13,407</td>
<td>11,953</td>
<td>11,511</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>2,301</td>
<td>3,108</td>
<td>3,168</td>
<td>2,815</td>
<td>2,373</td>
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<tr>
<td>Auxiliary Enterprises</td>
<td>6,596</td>
<td>7,020</td>
<td>6,201</td>
<td>5,776</td>
<td>6,005</td>
</tr>
<tr>
<td>Other (A)</td>
<td>523</td>
<td>1,095</td>
<td>777</td>
<td>782</td>
<td>825</td>
</tr>
<tr>
<td>Self Generated Revenues</td>
<td>24,841</td>
<td>25,728</td>
<td>23,553</td>
<td>21,328</td>
<td>20,714</td>
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<tr>
<td>State Appropriations</td>
<td>13,505</td>
<td>16,759</td>
<td>17,764</td>
<td>16,334</td>
<td>17,453</td>
</tr>
<tr>
<td>Nonoperating Revenue (B)</td>
<td>9,313</td>
<td>9,061</td>
<td>7,810</td>
<td>6,017</td>
<td>4,511</td>
</tr>
<tr>
<td>(Contribution to) Use of Fund Balance</td>
<td>7,229</td>
<td>2,421</td>
<td>2,863</td>
<td>4,390</td>
<td>2,046</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>54,888</td>
<td>46,340</td>
<td>45,866</td>
<td>44,151</td>
<td>40,973</td>
</tr>
</tbody>
</table>

### Percentage of Total Expenditures used for Core Services:

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Services Expenditures (1)</td>
<td>18,998</td>
<td>18,263</td>
<td>16,867</td>
<td>16,606</td>
<td>17,179</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>46,340</td>
<td>45,866</td>
<td>44,151</td>
<td>40,973</td>
<td>38,004</td>
</tr>
</tbody>
</table>

### Percentage of Total Expenditures used for Support Services and Student Aid:

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Svcs and Student Aid Exp (2)</td>
<td>13,124</td>
<td>13,338</td>
<td>11,733</td>
<td>10,821</td>
<td>8,572</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>46,340</td>
<td>45,866</td>
<td>44,151</td>
<td>40,973</td>
<td>38,004</td>
</tr>
</tbody>
</table>

### Percentage of Total Expenditures used for Administration and Physical Plant:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration and Physical Plant (3)</td>
<td>8,214</td>
<td>8,437</td>
<td>8,316</td>
<td>8,141</td>
<td>7,829</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>46,340</td>
<td>45,866</td>
<td>44,151</td>
<td>40,973</td>
<td>38,004</td>
</tr>
</tbody>
</table>

### Primary Reserve Ratio:

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expendable Net Assets (5)</td>
<td>8,223</td>
<td>9,848</td>
<td>8,880</td>
<td>6,563</td>
<td>7,534</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>54,888</td>
<td>53,999</td>
<td>51,790</td>
<td>48,067</td>
<td>44,724</td>
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</table>

### Debt Burden Ratio (6):

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal and Interest Paid</td>
<td>2,631</td>
<td>2,638</td>
<td>2,532</td>
<td>2,591</td>
<td>2,584</td>
</tr>
<tr>
<td>Total Adjusted Expenses (7)</td>
<td>51,388</td>
<td>50,991</td>
<td>48,485</td>
<td>45,562</td>
<td>42,029</td>
</tr>
</tbody>
</table>

### Long-Term Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2012</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Outstanding</td>
<td>Payment</td>
<td>Outstanding</td>
<td>Payment</td>
<td>Outstanding</td>
</tr>
<tr>
<td>XI-F(1)</td>
<td>5,001</td>
<td>1,203</td>
<td>6,457</td>
<td>1,082</td>
<td>21,228</td>
</tr>
<tr>
<td>Internal Bank Loans</td>
<td>12,288</td>
<td>1,233</td>
<td>12,901</td>
<td>1,244</td>
<td>12,355</td>
</tr>
<tr>
<td>XI-G</td>
<td>13,670</td>
<td>-</td>
<td>14,564</td>
<td>-</td>
<td>15,039</td>
</tr>
<tr>
<td>XI-Q</td>
<td>8,732</td>
<td>-</td>
<td>7,853</td>
<td>-</td>
<td>7,853</td>
</tr>
<tr>
<td>Lottery</td>
<td>8,060</td>
<td>37</td>
<td>1,481</td>
<td>59</td>
<td>1,677</td>
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<tr>
<td>COPS</td>
<td>1,546</td>
<td>150</td>
<td>6,892</td>
<td>243</td>
<td>4,536</td>
</tr>
<tr>
<td>SELP</td>
<td>7,000</td>
<td>150</td>
<td>6,892</td>
<td>243</td>
<td>4,536</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>27</td>
<td>8</td>
<td>18</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>$56,324</td>
<td>$2,631</td>
<td>$49,856</td>
<td>$2,633</td>
<td>$49,669</td>
</tr>
</tbody>
</table>
## FY 2011

### OUS Peer Ratio Analysis

#### (Dollars in thousands unless noted otherwise)

<table>
<thead>
<tr>
<th>Category</th>
<th>EOU</th>
<th>Available Peer Group</th>
<th>Average</th>
<th>California State</th>
<th>Stanislaus</th>
<th>Fort Hays</th>
<th>Southeast Missouri State</th>
<th>S. Utah</th>
<th>U. of Mary Washington</th>
<th>E. Wash.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student FTE (H)</td>
<td>3,068</td>
<td>7,801</td>
<td>6,781</td>
<td>7,795</td>
<td>9,307</td>
<td>7,034</td>
<td>4,640</td>
<td>11,246</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>108</td>
<td>308</td>
<td>265</td>
<td>294</td>
<td>411</td>
<td>231</td>
<td>239</td>
<td>410</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE) (H)</td>
<td>6</td>
<td>33</td>
<td>59</td>
<td>17</td>
<td>1</td>
<td>49</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty FTE</td>
<td>114</td>
<td>341</td>
<td>324</td>
<td>311</td>
<td>411</td>
<td>232</td>
<td>288</td>
<td>482</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student FTE/Faculty FTE</td>
<td>26.9</td>
<td>23.1</td>
<td>29.9</td>
<td>25.1</td>
<td>22.6</td>
<td>30.3</td>
<td>16.1</td>
<td>23.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>2.2</td>
<td>2.6</td>
<td>3.0</td>
<td>4.2</td>
<td>1.5</td>
<td>3.0</td>
<td>1.0</td>
<td>2.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Contribution Ratio

- **Student Tuition and Fees**: $14,505 / 28% $43,331 / 32%
- **Grants and Contracts**: 3,108 / 6% 9,027 / 7%
- **Auxiliary Enterprises**: 7,020 / 14% 16,267 / 12%
- **Other (A)**: 1,095 / 2% 5,555 / 4%

### Debt Burden Ratio

<table>
<thead>
<tr>
<th>Category</th>
<th>EOU</th>
<th>Available Peer Group</th>
<th>Average</th>
<th>California State</th>
<th>Stanislaus</th>
<th>Fort Hays</th>
<th>Southeast Missouri State</th>
<th>S. Utah</th>
<th>U. of Mary Washington</th>
<th>E. Wash.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>25,728 / 56% 74,181 / 55%</td>
<td>42,804 / 32% 62,073 / 57%</td>
<td>107,326 / 62% 48,855 / 45%</td>
<td>61,985 / 69% 122,041 / 64%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Appropriations</td>
<td>16,759 / 33% 38,646 / 29%</td>
<td>57,257 / 43% 34,149 / 31%</td>
<td>45,832 / 27% 29,450 / 27%</td>
<td>21,177 / 24% 44,009 / 23%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonoperating Revenues (B)</td>
<td>9,081 / 18% 21,464 / 16%</td>
<td>34,145 / 25% 13,259 / 12%</td>
<td>19,662 / 11% 30,936 / 28%</td>
<td>6,411 / 7% 24,369 / 13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Total Adjusted Revenues

- **Total adjusted Revenues (C)**: $134,290 / 100%
- **Student FTE/Faculty FTE**: 26.9 / 23.1
- **Student Services per Student FTE**: 2.2 / 2.6
- **Academic Support per Faculty FTE**: 3.0 / 4.2
- **Instruction Expenses**:
  - EOU: $16,047 / 38,623
  - Available Peer Group: $41,618 / 33,335
- **Instruction cost per Student FTE**: $5,230 / 4,973
- **Research Expenses**:
  - EOU: $344 / 653
  - Available Peer Group: $1,423 / 284
- **Research cost per F-T Faculty**: $3,185 / 2,079
- **Academic Support Expenses**:
  - EOU: $5,712 / 10,995
  - Available Peer Group: $14,001 / 12,931
- **Academic Support per Faculty FTE**: $50,105 / 33,423
- **State Student Services per Student FTE**: $2,423 / 10,766
- **Student Aid Expenses**:
  - EOU: $5,203 / 16,498
  - Available Peer Group: $19,164 / 10,851
- **Student Aid per Student FTE**: $1,696 / 1,942

### Total Funding used for Administration and Physical Plant

- **Total Administration and Physical Plant (C)**: $8,437 / 23,206
- **Total Adjusted Expenses-net (D)**: $45,866 / 113,031

### Contribution to (Use of) Fund Balance

- **Total Tuition/fee/Approp. per Std. FTE**: $10,190 / 10,545
- **Grants and Contracts per F-T Faculty**: $28,778 / 24,557
- **Instruction expenses**: $16,047 / 38,623
- **Instruction cost per Student FTE**: $5,230 / 4,973
- **Research expenses**: $344 / 653
- **Research cost per F-T Faculty**: $3,185 / 2,079
- **Academic support expenses**: $5,712 / 10,995
- **Academic support per Faculty FTE**: $50,105 / 33,423

### Primary Reserve Ratio

- **Available Net Assets (E)**: $9,848 / 40,372
- **Total Adjusted Expenses (F)**: $53,969 / 129,420
- **Primary Reserve Ratio**: 18.2% / 29.4%

### Debt Burden Ratio

- **Debt Service**: $2,638 / 3,912
- **Total Adjusted Expenses (G)**: $50,987 / 124,421
- **Debt Burden Ratio**: 5.2% / 3.1%

### Sources

(A) Education Department Sales and Services, Other Operating Revenues.
(B) Federal Appropriations, Investment Activities, Nonoperating Grants including Financial Aid and Other Nonoperating Items including Gifts. Excludes Hospital Revenues, Capital Gifts and Capital Grants.
(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.
(D) Total Adjusted Expenses less Auxiliary Enterprises expenses.
(F) Operating Expenses and Interest Expense and Principal less Depreciation Expense.

**Source:** Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.
## Eastern Oregon University
### Annual FTE Summary: 1996-97 to 2025-26

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual FTE</th>
<th>Projected FTE</th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>1,945</td>
<td>3,408</td>
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<tr>
<td>1997-98</td>
<td>2,042</td>
<td>3,440</td>
<td>5.0%</td>
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<tr>
<td>1998-99</td>
<td>2,025</td>
<td>3,469</td>
<td>-0.9%</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>1999-00</td>
<td>2,155</td>
<td>3,494</td>
<td>6.4%</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>2,322</td>
<td>3,498</td>
<td>7.8%</td>
<td>14.7%</td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>2,495</td>
<td>3,533</td>
<td>7.5%</td>
<td>15.8%</td>
<td>28.3%</td>
</tr>
<tr>
<td>2002-03</td>
<td>2,640</td>
<td>3,558</td>
<td>5.8%</td>
<td>13.7%</td>
<td>29.3%</td>
</tr>
<tr>
<td>2003-04</td>
<td>2,565</td>
<td>3,558</td>
<td>-2.9%</td>
<td>2.8%</td>
<td>26.7%</td>
</tr>
<tr>
<td>2004-05</td>
<td>2,558</td>
<td>3,710</td>
<td>-0.3%</td>
<td>-3.1%</td>
<td>18.7%</td>
</tr>
<tr>
<td>2005-06</td>
<td>2,609</td>
<td>3,803</td>
<td>2.0%</td>
<td>1.7%</td>
<td>12.3%</td>
</tr>
<tr>
<td>2006-07</td>
<td>2,460</td>
<td>3,533</td>
<td>-5.7%</td>
<td>-3.9%</td>
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### Oregon Institute of Technology
#### CONSOLIDATING STATEMENT OF NET ASSETS

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<tr>
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<td>Collateral from Securities Lending</td>
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<td>$581</td>
<td>$612</td>
<td>$643</td>
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<td>$16,143</td>
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<td>Cash and Cash Equivalents</td>
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<td>Capital Assets, Net of Accumulated Depreciation</td>
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<td>$69,596</td>
<td>$70,875</td>
<td>$62,889</td>
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<td>$77,712</td>
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<td>$43,887</td>
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<td><strong>Current Liabilities</strong></td>
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<tr>
<td>Accounts Payable and Accrued Liabilities</td>
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<td>Current Portion of Long-Term Liabilities</td>
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<td>$1,765</td>
<td>$1,344</td>
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<td>Deferred Revenue</td>
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<td>$1,643</td>
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<tr>
<td>Long-Term Liabilities</td>
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<td>Invested in Capital Assets, Net of Related Debt</td>
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<td>$13,025</td>
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<td>Nonexpendable Endowments</td>
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<td>Expendable:</td>
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<td>Gifts, Grants, and Contracts</td>
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Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.
## Oregon Institute of Technology
### CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For The Year Ended June 30, (in thousands)

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<tr>
<td><strong>OPERATING REVENUES</strong></td>
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<td>Student Tuition and Fees, Net</td>
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<td><strong>25,202</strong></td>
<td><strong>23,399</strong></td>
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<tbody>
<tr>
<td><strong>Income (Loss) Before Other Revenues, Expenses, Gains or Losses</strong></td>
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<td>Additions to Permanent Endowments</td>
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<tr>
<td>Contribution to (Distribution of) Capital Assets</td>
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<td>Transfers within OUS</td>
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<td><strong>Total Other Nonoperating Revenues</strong></td>
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<td><strong>2,126</strong></td>
<td><strong>7,039</strong></td>
<td><strong>9,918</strong></td>
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</thead>
<tbody>
<tr>
<td><strong>Increase (Decrease) In Net Assets</strong></td>
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<td>698</td>
<td>3,931</td>
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<tbody>
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<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>31,364</td>
<td>32,307</td>
<td>31,609</td>
<td>27,678</td>
<td>18,800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td><strong>$28,671</strong></td>
<td><strong>$31,364</strong></td>
<td><strong>$32,307</strong></td>
<td><strong>$31,609</strong></td>
<td><strong>$27,678</strong></td>
</tr>
</tbody>
</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal year 2012 is not fully adjusted for financial reporting.
### Oregon Institute of Technology
(Dollar amounts in thousands)

#### Current Ratio:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>13,716</td>
<td>17,099</td>
<td>16,824</td>
<td>14,136</td>
<td>16,143</td>
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<tr>
<td>Current Liabilities</td>
<td>8,527</td>
<td>1.6</td>
<td>5,636</td>
<td>3.0</td>
<td>5,535</td>
</tr>
</tbody>
</table>

#### Contribution Ratio:

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>16,087</td>
<td>14,582</td>
<td>14,089</td>
<td>12,936</td>
<td>11,280</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>2,697</td>
<td>4,912</td>
<td>5,158</td>
<td>5,689</td>
<td>5,052</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>7,185</td>
<td>7,903</td>
<td>8,245</td>
<td>7,280</td>
<td>6,520</td>
</tr>
<tr>
<td>Other (A)</td>
<td>786</td>
<td>1,073</td>
<td>634</td>
<td>765</td>
<td>661</td>
</tr>
<tr>
<td>Self Generated Revenues</td>
<td>26,755</td>
<td>28,470</td>
<td>28,126</td>
<td>26,670</td>
<td>23,513</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>15,290</td>
<td>19,714</td>
<td>19,481</td>
<td>19,445</td>
<td>22,103</td>
</tr>
<tr>
<td>Nonoperating Revenue (B)</td>
<td>8,345</td>
<td>8,624</td>
<td>8,401</td>
<td>9,945</td>
<td>4,248</td>
</tr>
<tr>
<td>(Contribution to) Use of Fund Balance</td>
<td>6,677</td>
<td>3,054</td>
<td>1,428</td>
<td>3,108</td>
<td>1,040</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>57,067</td>
<td>59,862</td>
<td>57,436</td>
<td>55,168</td>
<td>50,904</td>
</tr>
</tbody>
</table>

(A) Educational Department Sales and Services and Other Operating Revenues
(B) Federal Appropriations, Investment Activities, Other Nonoperating Items
(C) Total Adjusted Expenses: Operating Expenses and Interest Expense

#### Percentage of Total Expenditures used for Core Services:

<table>
<thead>
<tr>
<th>Core Services Expenditures (1)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>48,728</td>
<td>23.7%</td>
<td>49,523</td>
<td>23.2%</td>
<td>48,515</td>
</tr>
</tbody>
</table>

1. Core Services Expenditures: Instruction, Research, Public Service

#### Percentage of Total Expenditures used for Support Services and Student Aid:

<table>
<thead>
<tr>
<th>Support Svcs and Student Aid Exp (2)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>48,728</td>
<td>23.7%</td>
<td>49,523</td>
<td>23.2%</td>
<td>48,515</td>
</tr>
</tbody>
</table>

2. Support Services and Student Aid: Academic Support, Student Services, and Student Aid

#### Percentage of Total Expenditures used for Administration and Physical Plant:

<table>
<thead>
<tr>
<th>Administration and Physical Plant (3)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>48,728</td>
<td>15.1%</td>
<td>49,523</td>
<td>15.8%</td>
<td>48,515</td>
</tr>
</tbody>
</table>

3. Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant
4. Total Adjusted Expenses shown above less Auxiliary Enterprises Expenses

#### Primary Reserve Ratio:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>57,067</td>
<td>18.7%</td>
<td>59,862</td>
<td>22.6%</td>
<td>57,436</td>
</tr>
</tbody>
</table>


#### Debt Burden Ratio (6):

<table>
<thead>
<tr>
<th>Principal and Interest Paid</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses (7)</td>
<td>53,806</td>
<td>5.7%</td>
<td>56,792</td>
<td>5.4%</td>
<td>54,670</td>
</tr>
</tbody>
</table>

6. This is a simplified calculation that does not incorporate adjustments necessary to recognize the effect of the Student Building Fund pool or Consolidated Dormitory debt pool.
7. Total Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense

#### Long-Term Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2012</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>XI-F(1)</td>
<td>5,361 625</td>
<td>6,386 549</td>
<td>34,853 2,784</td>
<td>33,627 2,445</td>
<td>19,244 1,670</td>
</tr>
<tr>
<td>Internal Bank Loans</td>
<td>26,586 2,221</td>
<td>27,207 2,200</td>
<td>12,832 1,318</td>
<td>2,982</td>
<td></td>
</tr>
<tr>
<td>XI-G</td>
<td>13,836 -</td>
<td>14,297</td>
<td>2,722</td>
<td></td>
<td></td>
</tr>
<tr>
<td>XI-Q</td>
<td>879 -</td>
<td>2,800</td>
<td>2,722</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery</td>
<td>2,844 -</td>
<td>3,054 43</td>
<td>3,597 43</td>
<td>3,970 382</td>
<td>228 100</td>
</tr>
<tr>
<td>COPS</td>
<td>3,445 -</td>
<td>3,054 40</td>
<td>3,597 43</td>
<td>3,970 382</td>
<td>228 100</td>
</tr>
<tr>
<td>SELP</td>
<td>2,166 -</td>
<td>2,296 80</td>
<td>2,431 78</td>
<td>665 118</td>
<td>799 111</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>$55,117 2,905</td>
<td>$56,290 2,872</td>
<td>$56,684 2,905</td>
<td>$54,172 2,945</td>
<td>$25,803 1,881</td>
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</table>
### Annual Financial Analysis

#### Oregon Institute of Technology

**OUS Peer Ratio Analysis**

**FY 2011**

<table>
<thead>
<tr>
<th>Function</th>
<th>Available</th>
<th>Peer Group</th>
<th>Unaudited</th>
<th>Southern</th>
<th>Southwestern</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>OIT</td>
<td>Average</td>
<td>Midwest</td>
<td>Polytechnic</td>
<td>State</td>
</tr>
<tr>
<td>Student FTE (H)</td>
<td>2,673</td>
<td>4,384</td>
<td>5,293</td>
<td>4,830</td>
<td>4,781</td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>131</td>
<td>190</td>
<td>226</td>
<td>200</td>
<td>215</td>
</tr>
<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE) (H)</td>
<td>4</td>
<td>15</td>
<td>30</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Faculty FTE</td>
<td>135</td>
<td>205</td>
<td>256</td>
<td>200</td>
<td>215</td>
</tr>
<tr>
<td>Student FTE/Faculty FTE</td>
<td>19.8</td>
<td>21.2</td>
<td>20.7</td>
<td>24.2</td>
<td>22.2</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>3.0</td>
<td>2.2</td>
<td>1.2</td>
<td>1.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Contribution Ratio</td>
<td>14.582</td>
<td>26%</td>
<td>20,814</td>
<td>31%</td>
<td>30,075</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>4.912</td>
<td>9%</td>
<td>4,801</td>
<td>7%</td>
<td>5,659</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>7,903</td>
<td>14%</td>
<td>9,283</td>
<td>14%</td>
<td>8,384</td>
</tr>
<tr>
<td>Other (A)</td>
<td>1,073</td>
<td>2%</td>
<td>1,239</td>
<td>2%</td>
<td>2,683</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>28,470</td>
<td>40%</td>
<td>36,513</td>
<td>54%</td>
<td>46,801</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>19,714</td>
<td>35%</td>
<td>18,570</td>
<td>28%</td>
<td>22,928</td>
</tr>
<tr>
<td>Nonoperating Revenues (B)</td>
<td>8,624</td>
<td>15%</td>
<td>12,455</td>
<td>18%</td>
<td>14,176</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>56,808</td>
<td>100%</td>
<td>67,342</td>
<td>100%</td>
<td>83,905</td>
</tr>
</tbody>
</table>

| Contribution to (Use of) Fund Balance | (3,054) | -5% | (1,774) | -3% | (3,627) | -5% | (3,126) | -4% | 196 | 0% | (338) | -1% |

| Tuition and Fees (net) per Student FTE | $5,455 | $4,680 | $5,682 | $5,449 | $3,205 | $4,385 |
|State Appropriation Funding per Std. FTE | $7,375 | $4,416 | $4,332 | $4,194 | $4,738 | $3,481 |
|Total Tuition/Fees/Approp. per Std. FTE | $12,831 | $8,866 | $10,014 | $9,643 | $7,943 | $7,865 |
|Grants and Contracts per F-T Faculty | $37,496 | $26,630 | $25,041 | $4,881 | $36,784 | $39,813 |

| Instruction Expenses | $21,556 | $22,323 | $28,280 | $20,280 | $27,803 | $12,931 |
|Instruction cost per Student FTE | $8,064 | $5,067 | $5,343 | $4,199 | $5,815 | $4,913 |
|Research Expenses | $319 | $479 | $456 | $400 | $695 | $364 |
|Research cost per F-T Faculty | $2,435 | $2,591 | $2,019 | $1,999 | $3,233 | $3,114 |
|Academic Support per Faculty FTE | $35,163 | $21,336 | $20,836 | $16,165 | $13,949 |
|Student Services Expenses | $2,384 | $5,435 | $10,627 | $4,315 | $4,170 | $2,629 |
|Student Services per Student FTE | $0 | $1,183 | $0 | $893 | $0 | $999 |
|Student Aid Expenses | $4,378 | $8,339 | $10,743 | $9,779 | $9,731 | $3,105 |
|Student Aid per Student FTE | $1,638 | $1,817 | $2,030 | $2,025 | $2,035 | $1,180 |

| Total Funding used for Administration and Physical Plant | $7,847 | $12,678 | $12,701 | $21,470 | $7,646 | $8,896 |
|Total Adjusted Expenses-net (D) | $49,523 | $61,768 | $82,623 | $66,237 | $62,794 | $33,420 |
|As a % of Total Adjusted Expenses-net | 15.8% | 21.4% | 15.4% | 31.5% | 12.2% | 26.6% |

| Primary Reserve Ratio | 13,538 | $14,490 | $30,107 | $8,580 | 17,848 | 1,425 |
|Total Adjusted Expenses (F) | $59,662 | $69,116 | $87,732 | $77,278 | $70,440 | $41,013 |
|Primary Reserve Ratio | 22.6% | 18.6% | 34.3% | 11.1% | 25.3% | 3.5% |

| Debt Burden Ratio | 2.872 | $5.252 | $8.282 | $5.115 | $5.637 | $1.974 |
|Total Adjusted Expenses (G) | $66,085 | $66,936 | $82,374 | $73,595 | $71,869 | $40,100 |
|Debt Burden Ratio | 5.1% | 7.4% | 10.1% | 7.0% | 7.9% | 4.9% |

(A) Education Department Sales and Services, Other Operating Revenues.
(B) Federal Appropriations, Investment Activities, Nonoperating Grants including Financial Aid and Other Nonoperating Items including Gifts. Excludes Hospital Revenues, Capital Gifts and Capital Grants.
(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.
(D) Total Adjusted Expenses less Auxiliary Enterprises expenses.
(F) Operating Expenses and Interest Expense.
(G) Operating Expenses and Interest Expense and Principal less Depreciation Expense.
(H) Source: IPEDS.

**SOURCE:** Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.
<table>
<thead>
<tr>
<th>Year</th>
<th>OIT Actual FTE</th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
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</thead>
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<tr>
<td>1996-97</td>
<td>1,826</td>
<td></td>
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<tr>
<td>1997-98</td>
<td>1,975</td>
<td>8.2%</td>
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<td></td>
</tr>
<tr>
<td>1998-99</td>
<td>2,087</td>
<td>5.7%</td>
<td>14.3%</td>
<td></td>
</tr>
<tr>
<td>1999-00</td>
<td>2,143</td>
<td>2.7%</td>
<td>8.5%</td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>2,231</td>
<td>4.1%</td>
<td>6.9%</td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td>2,427</td>
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<td>13.2%</td>
<td>32.9%</td>
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<td>2002-03</td>
<td>2,463</td>
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<td>10.4%</td>
<td>24.7%</td>
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<td>2003-04</td>
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<td>3.0%</td>
<td>19.7%</td>
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<td>2004-05</td>
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<td>0.9%</td>
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<tr>
<td>2005-06</td>
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<td>-4.9%</td>
<td>6.6%</td>
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<tr>
<td>2006-07</td>
<td>2,319</td>
<td>-2.4%</td>
<td>-6.7%</td>
<td>-4.5%</td>
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<tr>
<td>2007-08</td>
<td>2,350</td>
<td>1.3%</td>
<td>-1.1%</td>
<td>-4.6%</td>
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<tr>
<td>2008-09</td>
<td>2,490</td>
<td>6.0%</td>
<td>7.4%</td>
<td>-0.4%</td>
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<td>2,686</td>
<td>7.9%</td>
<td>14.3%</td>
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<tr>
<td>2010-11</td>
<td>2,674</td>
<td>-0.4%</td>
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<td>2011-12</td>
<td>2,743</td>
<td>2.6%</td>
<td>2.1%</td>
<td>18.3%</td>
</tr>
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<td>2012-13</td>
<td>2,820</td>
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<td>5.5%</td>
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<tr>
<td>2013-14</td>
<td>2,901</td>
<td>2.9%</td>
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<td>2014-15</td>
<td>2,962</td>
<td>2.1%</td>
<td>5.0%</td>
<td>10.3%</td>
</tr>
<tr>
<td>2015-16</td>
<td>2,999</td>
<td>1.2%</td>
<td>3.4%</td>
<td>12.1%</td>
</tr>
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<td>2016-17</td>
<td>3,050</td>
<td>1.7%</td>
<td>3.0%</td>
<td>11.2%</td>
</tr>
<tr>
<td>2017-18</td>
<td>3,084</td>
<td>1.1%</td>
<td>2.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2018-19</td>
<td>3,114</td>
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<td>7.4%</td>
</tr>
<tr>
<td>2019-20</td>
<td>3,139</td>
<td>0.8%</td>
<td>1.8%</td>
<td>6.0%</td>
</tr>
<tr>
<td>2020-21</td>
<td>3,147</td>
<td>0.2%</td>
<td>1.0%</td>
<td>4.9%</td>
</tr>
<tr>
<td>2021-22</td>
<td>3,177</td>
<td>1.0%</td>
<td>1.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2022-23</td>
<td>3,199</td>
<td>0.7%</td>
<td>1.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2023-24</td>
<td>3,226</td>
<td>0.8%</td>
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<td>3.6%</td>
</tr>
<tr>
<td>2024-25</td>
<td>3,325</td>
<td>3.1%</td>
<td>3.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>2025-26</td>
<td>3,404</td>
<td>2.4%</td>
<td>5.5%</td>
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</tr>
</tbody>
</table>
## CONSOLIDATING STATEMENT OF NET ASSETS

**Oregon State University**

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$138,702</td>
<td>$155,758</td>
<td>$145,857</td>
<td>$95,246</td>
<td>$112,651</td>
</tr>
<tr>
<td>Short-Term Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collateral from Securities Lending</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accounts Receivable, Net</td>
<td>$74,418</td>
<td>$82,544</td>
<td>$71,503</td>
<td>$67,684</td>
<td>$68,748</td>
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<tr>
<td>Notes Receivable, Net</td>
<td>$5,151</td>
<td>$5,079</td>
<td>$5,198</td>
<td>$5,342</td>
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<tr>
<td>Inventories</td>
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<td>$1,504</td>
<td>$1,590</td>
<td>$1,653</td>
<td>$1,902</td>
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<td>Prepaid Expenses</td>
<td>$3,976</td>
<td>$5,254</td>
<td>$1,613</td>
<td>$3,855</td>
<td>$2,616</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>$224,203</td>
<td>$250,139</td>
<td>$225,761</td>
<td>$173,780</td>
<td>$191,701</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
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<tr>
<td>Cash and Cash Equivalents</td>
<td>$81,247</td>
<td>$128,819</td>
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<td>Investments</td>
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<td>$33,153</td>
<td>$28,318</td>
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<td>Notes Receivable, Net</td>
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<td>$22,838</td>
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<td>Due From Other OUS Funds and Entities</td>
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<td>$50</td>
<td>-</td>
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<tr>
<td>Capital Assets, Net of Accumulated Depreciation</td>
<td>$765,715</td>
<td>$712,121</td>
<td>$618,697</td>
<td>$566,306</td>
<td>$527,712</td>
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<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>$900,204</td>
<td>$896,981</td>
<td>$821,895</td>
<td>$734,231</td>
<td>$637,847</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,124,407</td>
<td>$1,147,120</td>
<td>$1,047,656</td>
<td>$908,011</td>
<td>$829,548</td>
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### LIABILITIES

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</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
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<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>$40,242</td>
<td>$44,962</td>
<td>$35,361</td>
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<tr>
<td>Deposits</td>
<td>$6,545</td>
<td>$4,726</td>
<td>$3,234</td>
<td>$3,146</td>
<td>$2,741</td>
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<td>Obligations Under Securities Lending</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Current Portion of Long-Term Liabilities</td>
<td>$25,613</td>
<td>$23,124</td>
<td>$22,152</td>
<td>$23,023</td>
<td>$20,914</td>
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<td>Deferred Revenue</td>
<td>$31,774</td>
<td>$36,983</td>
<td>$40,663</td>
<td>$37,241</td>
<td>$34,075</td>
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<td><strong>Total Current Liabilities</strong></td>
<td>$104,174</td>
<td>$109,795</td>
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<td>$89,739</td>
<td>$85,091</td>
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<td><strong>Noncurrent Liabilities</strong></td>
<td></td>
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<tr>
<td>Long-Term Liabilities</td>
<td>$251,610</td>
<td>$259,640</td>
<td>$207,740</td>
<td>$365,524</td>
<td>$298,354</td>
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<td>Due to Other OUS Funds and Entities</td>
<td>$244,233</td>
<td>$246,617</td>
<td>$235,610</td>
<td>-</td>
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<td><strong>Total Noncurrent Liabilities</strong></td>
<td>$495,843</td>
<td>$506,257</td>
<td>$443,350</td>
<td>$365,524</td>
<td>$302,392</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td>$600,017</td>
<td>$616,052</td>
<td>$544,760</td>
<td>$455,263</td>
<td>$387,483</td>
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### NET ASSETS

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<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$323,782</td>
<td>$305,123</td>
<td>$287,214</td>
<td>$275,176</td>
<td>$264,703</td>
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<tr>
<td>Restricted For: Nonexpendable Endowments</td>
<td>$3,373</td>
<td>$3,233</td>
<td>$2,789</td>
<td>$3,137</td>
<td>$4,183</td>
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<td>Expendable: Gifts, Grants, and Contracts</td>
<td>$37,933</td>
<td>$41,671</td>
<td>$42,005</td>
<td>$38,804</td>
<td>$46,180</td>
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<tr>
<td>Student Loans</td>
<td>$34,062</td>
<td>$33,494</td>
<td>$32,849</td>
<td>$32,769</td>
<td>$33,271</td>
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<td>Capital Projects</td>
<td>$18,884</td>
<td>$30,881</td>
<td>$37,750</td>
<td>$41,618</td>
<td>$11,181</td>
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<td>Debt Service</td>
<td>$181</td>
<td>$200</td>
<td>$201</td>
<td>$413</td>
<td>$1,679</td>
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<tr>
<td>Unrestricted Net Assets</td>
<td>$106,175</td>
<td>$116,466</td>
<td>$100,088</td>
<td>$60,831</td>
<td>$80,868</td>
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<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>$524,390</td>
<td>$531,068</td>
<td>$502,896</td>
<td>$452,748</td>
<td>$442,065</td>
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</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.
### CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

#### For The Year Ended June 30, (in thousands)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Student Tuition and Fees, Net</td>
<td>202,573</td>
<td>180,759</td>
<td>152,581</td>
<td>132,258</td>
<td>125,710</td>
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<td>Federal Grants and Contracts</td>
<td>170,951</td>
<td>163,401</td>
<td>149,670</td>
<td>130,677</td>
<td>127,978</td>
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<td>State and Local Grants and Contracts</td>
<td>7,708</td>
<td>5,173</td>
<td>6,960</td>
<td>7,810</td>
<td>6,366</td>
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<tr>
<td>Nongovernmental Grants and Contracts</td>
<td>20,603</td>
<td>20,436</td>
<td>21,354</td>
<td>23,725</td>
<td>15,714</td>
</tr>
<tr>
<td>Educational Department Sales and Services</td>
<td>31,770</td>
<td>28,659</td>
<td>27,177</td>
<td>27,554</td>
<td>31,613</td>
</tr>
<tr>
<td>Auxiliary Enterprise Revenues, Net</td>
<td>109,245</td>
<td>102,755</td>
<td>91,873</td>
<td>87,259</td>
<td>79,219</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>9,189</td>
<td>5,927</td>
<td>5,252</td>
<td>5,053</td>
<td>5,634</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>552,039</td>
<td>507,110</td>
<td>454,867</td>
<td>414,336</td>
<td>392,234</td>
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<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
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<tr>
<td>Instruction</td>
<td>193,636</td>
<td>171,954</td>
<td>154,394</td>
<td>160,264</td>
<td>150,700</td>
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<td>Research</td>
<td>173,714</td>
<td>167,352</td>
<td>156,928</td>
<td>157,232</td>
<td>140,140</td>
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<td>Public Service</td>
<td>81,878</td>
<td>80,207</td>
<td>77,866</td>
<td>81,949</td>
<td>77,713</td>
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<td>Academic Support</td>
<td>53,066</td>
<td>46,846</td>
<td>40,297</td>
<td>41,706</td>
<td>37,106</td>
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<tr>
<td>Student Services</td>
<td>24,262</td>
<td>21,576</td>
<td>19,522</td>
<td>20,781</td>
<td>18,198</td>
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<td>Auxiliary Programs</td>
<td>119,439</td>
<td>111,550</td>
<td>105,433</td>
<td>103,150</td>
<td>96,929</td>
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<td>Institutional Support</td>
<td>52,258</td>
<td>48,100</td>
<td>40,470</td>
<td>42,009</td>
<td>37,612</td>
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<td>Operation and Maintenance of Plant</td>
<td>30,463</td>
<td>26,846</td>
<td>23,802</td>
<td>25,279</td>
<td>24,099</td>
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<td>Student Aid</td>
<td>26,257</td>
<td>25,484</td>
<td>23,526</td>
<td>18,884</td>
<td>17,083</td>
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<tr>
<td>Other Operating Expenses</td>
<td>47,032</td>
<td>35,527</td>
<td>33,996</td>
<td>33,454</td>
<td>34,295</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>802,005</td>
<td>735,442</td>
<td>676,234</td>
<td>684,708</td>
<td>633,875</td>
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<tr>
<td><strong>Operating Loss</strong></td>
<td>(249,966)</td>
<td>(228,332)</td>
<td>(221,367)</td>
<td>(270,372)</td>
<td>(241,641)</td>
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<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
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<tr>
<td>Government Appropriations</td>
<td>143,027</td>
<td>167,277</td>
<td>171,644</td>
<td>171,513</td>
<td>180,405</td>
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<td>Grants</td>
<td>41,232</td>
<td>36,828</td>
<td>35,161</td>
<td>26,268</td>
<td>20,752</td>
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<td>Investment Activity</td>
<td>7,603</td>
<td>12,345</td>
<td>7,760</td>
<td>3,908</td>
<td>2,280</td>
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<tr>
<td>Gain (Loss) on Sale/Disposal of Assets, Net</td>
<td>92</td>
<td>452</td>
<td>(150)</td>
<td>428</td>
<td>(322)</td>
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<tr>
<td>Interest Expense</td>
<td>(24,270)</td>
<td>(21,670)</td>
<td>(17,376)</td>
<td>(16,665)</td>
<td>(15,996)</td>
</tr>
<tr>
<td>Other Nonoperating Items</td>
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<td>37,982</td>
<td>50,473</td>
<td>46,323</td>
<td>45,490</td>
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<td><strong>Net Nonoperating Revenues</strong></td>
<td>210,020</td>
<td>233,214</td>
<td>247,512</td>
<td>231,775</td>
<td>232,609</td>
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<tr>
<td><strong>Income (Loss) Before Other Revenues, Expenses, Gains or Losses</strong></td>
<td>(39,946)</td>
<td>4,882</td>
<td>26,145</td>
<td>(38,597)</td>
<td>(9,032)</td>
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<tr>
<td>Capital and Debt Service Appropriations</td>
<td>13,811</td>
<td>11,437</td>
<td>11,020</td>
<td>8,671</td>
<td>12,031</td>
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<tr>
<td>Capital Grants and Gifts</td>
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<td>9,796</td>
<td>12,128</td>
<td>43,598</td>
<td>17,671</td>
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<td>Additions to Permanent Endowments</td>
<td>140</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Contribution to (Distribution of) Capital Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers within OUS</td>
<td>4,363</td>
<td>2,057</td>
<td>855</td>
<td>(2,989)</td>
<td>18,755</td>
</tr>
<tr>
<td><strong>Total Other Nonoperating Revenues</strong></td>
<td>33,268</td>
<td>23,290</td>
<td>24,003</td>
<td>49,280</td>
<td>48,457</td>
</tr>
<tr>
<td><strong>Increase (Decrease) In Net Assets</strong></td>
<td>(6,678)</td>
<td>28,172</td>
<td>50,148</td>
<td>10,683</td>
<td>39,425</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>531,068</td>
<td>502,896</td>
<td>452,748</td>
<td>442,065</td>
<td>402,640</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$524,390</td>
<td>$531,068</td>
<td>$502,896</td>
<td>$452,748</td>
<td>$442,065</td>
</tr>
</tbody>
</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.

Fiscal year 2012 is not fully adjusted for financial reporting.
### Oregon State University

(Dollar amounts in thousands)

#### Current Ratio:

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</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>224,203</td>
<td>250,139</td>
<td>225,761</td>
<td>173,780</td>
<td>191,701</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>104,174</td>
<td>225,761</td>
<td>225,761</td>
<td>89,739</td>
<td>85,091</td>
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</table>

#### Contribution Ratio:

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</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>202,573</td>
<td>180,759</td>
<td>180,759</td>
<td>152,581</td>
<td>132,258</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>196,262</td>
<td>189,010</td>
<td>177,984</td>
<td>162,212</td>
<td>150,058</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>109,245</td>
<td>102,755</td>
<td>91,873</td>
<td>87,259</td>
<td>79,219</td>
</tr>
<tr>
<td>Other (A)</td>
<td>40,959</td>
<td>34,586</td>
<td>32,429</td>
<td>32,607</td>
<td>37,247</td>
</tr>
<tr>
<td>Self Generated Revenues</td>
<td>552,039</td>
<td>507,110</td>
<td>454,867</td>
<td>414,336</td>
<td>392,234</td>
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<td>State Appropriations</td>
<td>126,030</td>
<td>150,280</td>
<td>156,177</td>
<td>158,078</td>
<td>165,417</td>
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<tr>
<td>Nonoperating Revenue (B)</td>
<td>108,260</td>
<td>104,604</td>
<td>108,711</td>
<td>90,362</td>
<td>83,188</td>
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<tr>
<td>(Contribution to) Use of Fund Balance</td>
<td>39,946</td>
<td>48,822</td>
<td>26,145</td>
<td>38,597</td>
<td>9,032</td>
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<tr>
<td>Total Adjusted Expenses (C)</td>
<td>826,275</td>
<td>757,112</td>
<td>683,610</td>
<td>701,373</td>
<td>649,871</td>
</tr>
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#### Percentage of Total Expenditures used for Core Services:

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</thead>
<tbody>
<tr>
<td>Core Services Expenditures (1)</td>
<td>449,228</td>
<td>419,513</td>
<td>389,188</td>
<td>399,445</td>
<td>368,553</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>706,836</td>
<td>645,562</td>
<td>588,177</td>
<td>598,223</td>
<td>552,942</td>
</tr>
</tbody>
</table>

(1) Core Services Expenditures: Instruction, Research, Public Service

#### Percentage of Total Expenditures used for Support Services and Student Aid:

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Support Svcs and Student Aid Exp (2)</td>
<td>103,585</td>
<td>93,906</td>
<td>83,345</td>
<td>81,371</td>
<td>72,387</td>
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<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>706,836</td>
<td>645,562</td>
<td>588,177</td>
<td>598,223</td>
<td>552,942</td>
</tr>
</tbody>
</table>

(2) Support Services and Student Aid: Academic Support, Student Services, and Student Aid

#### Percentage of Total Expenditures used for Administration and Physical Plant:

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Administration and Physical Plant (3)</td>
<td>62,721</td>
<td>74,946</td>
<td>64,272</td>
<td>67,288</td>
<td>61,711</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>706,836</td>
<td>645,562</td>
<td>588,177</td>
<td>598,223</td>
<td>552,942</td>
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</table>

(3) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant

#### Primary Reserve Ratio:

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<tr>
<td>Expendable Net Assets (5)</td>
<td>178,351</td>
<td>191,831</td>
<td>175,143</td>
<td>132,817</td>
<td>161,998</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>826,275</td>
<td>757,112</td>
<td>693,610</td>
<td>701,373</td>
<td>649,871</td>
</tr>
</tbody>
</table>


#### Debt Burden Ratio (6):

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal and Interest Paid</td>
<td>26,694</td>
<td>26,487</td>
<td>22,463</td>
<td>19,663</td>
<td>17,779</td>
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<tr>
<td>Total Adjusted Expenses (7)</td>
<td>825,423</td>
<td>756,388</td>
<td>695,606</td>
<td>701,462</td>
<td>649,871</td>
</tr>
</tbody>
</table>

(6) This is a simplified calculation that does not incorporate adjustments necessary to recognize the affect of the Student Building Fund pool or Consolidated Dormitory debt pool.

#### Long-Term Liabilities:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Principal</th>
<th>Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>21,786</td>
<td>2,507</td>
</tr>
<tr>
<td>2011</td>
<td>244,233</td>
<td>20,799</td>
</tr>
<tr>
<td>2010</td>
<td>131,660</td>
<td>159,933</td>
</tr>
<tr>
<td>2009</td>
<td>45,680</td>
<td>6,884</td>
</tr>
<tr>
<td>2008</td>
<td>28,313</td>
<td>2,860</td>
</tr>
<tr>
<td>Total</td>
<td>6,811</td>
<td>-</td>
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</tbody>
</table>

**Note:** The document contains financial data and ratios for Oregon State University, including current and contribution ratios, percentage of total expenditures used for various categories, primary reserve ratios, and long-term liabilities. The data spans fiscal years 2008 to 2012.
## Oregon State University
### OUS Peer Ratio Analysis
#### FY 2011

<table>
<thead>
<tr>
<th>Available Peer Group</th>
<th>Oregon State University</th>
<th>U. of Arizona</th>
<th>U. of California - Davis</th>
<th>Iowa State</th>
<th>N. Carolina State at Raleigh</th>
<th>Michigan State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student FTE (H)</td>
<td>22,438</td>
<td>34,141</td>
<td>36,392</td>
<td>31,612</td>
<td>26,787</td>
<td>30,750</td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>738</td>
<td>1,873</td>
<td>1,527</td>
<td>1,479</td>
<td>1,306</td>
<td>1,755</td>
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<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE) (H)</td>
<td>129</td>
<td>113</td>
<td>165</td>
<td>70</td>
<td>106</td>
<td>113</td>
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<tr>
<td>Faculty FTE</td>
<td>867</td>
<td>1,768</td>
<td>1,892</td>
<td>1,549</td>
<td>1,411</td>
<td>1,866</td>
</tr>
<tr>
<td>Student FTE/Faculty FTE</td>
<td>25.9</td>
<td>19.2</td>
<td>21.5</td>
<td>20.4</td>
<td>19.0</td>
<td>16.5</td>
</tr>
</tbody>
</table>

### Current Ratio
- Total Revenues: $761,944
- Expendable Net Assets: $1,610,435
- Total Adjusted Expenses: $2,070,812
- Total FTE Faculty: 2,070,812

### Contribution Ratio
- Student Tuition and Fees: $180,759
- Grants and Contracts: $189,010
- Auxiliary Enterprises: $102,755
- Other (A): $34,586

### Debt Burden Ratio
- Total Funding used for Administration and Physical Plant: $226,764
- Student Aid per Student FTE: $1,136

### Total Adjusted Expenses (F)
- Total Revenues: $2,070,812
- Expendable Net Assets: $1,610,435
- Total FTE Faculty: 1,610,435

### Contribution to (Use of) Fund Balance
- Tuition and Fees (net) per Student FTE: $8,056
- State Appropriation Funding per Std. FTE: $6,695
- Grants and Contracts per F-T Faculty: $256,111

### Instruction Expenses
- Total Tuition Fees/Approp. per Std. FTE: $14,751
- Instruction cost per Student FTE: $7,664
- Research cost per F-T Faculty: $226,764

### Research Expenses
- Academic Support Expenses: $46,846
- Academic Support per F-T Faculty: $198,759
- Research cost per F-T Faculty: $265,403

### Operating Revenues
- Total Operating Revenues: $757,112
- Total Nonoperating Revenues: $104,604
- Total Other (A): $133,547

### Other (A)
- Education Department Sales and Services, Other Operating Revenues: $34,586
- Contributions to (Use of) Fund Balance: $4,882

### Operating Revenues
- State Appropriations: $150,230
- Nonoperating Revenues (B): $104,604
- Federal Appropriations, Investment Activities, Nonoperating Grants including Financial Aid and Other Nonoperating Items including Gifts: $1,136

### Operating Expenses and Interest Expense and Principal less Depreciation Expense
- Total Operating Expenses: $100%
- Total Interest Expense and Principal: $100%
- Total Depreciation Expense: $100%

### Total Revenues
- Total Revenues: $1,588,222
- State Appropriations: $350,251
- Tuition and Fees (net): $8,818

### Total Adjusted Expenses
- Total Adjusted Expenses: $1,010,401
- Total Operating Expenses: $1,010,401
- Total Nonoperating Revenues: $1,010,401

### Total Funding used for Administration and Physical Plant
- Total Funding used for Administration and Physical Plant: $1,610,435
- Total Operating Revenues: $1,610,435
- Total Nonoperating Revenues: $1,610,435

### Total Financial Statement
- Operating Revenues: $1,610,435
- Operating Expenses: $1,010,401
- Nonoperating Revenues: $1,010,401

### Debt Burden Ratio
- Debt Service: $26,487
- Total Adjusted Expenses: $721,930
- Debt Burden Ratio: 3.7%

(A) Education Department Sales and Services, Other Operating Revenues.
(B) Federal Appropriations, Investment Activities, Nonoperating Grants including Financial Aid and Other Nonoperating Items including Gifts. Excludes Hospital Revenues, Capital Gifts and Capital Grants.
(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.
(D) Total Adjusted Expenses less Auxiliary Enterprises expenses.
(F) Operating Expenses and Interest Expense.
(G) Operating Expenses and Interest Expense and Principal less Depreciation Expense.

SOURCE: Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.
## Oregon State University
### Annual FTE Summary: 1996-97 to 2025-26

<table>
<thead>
<tr>
<th></th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual FTE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996-97</td>
<td>OSU</td>
<td>13,635</td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td></td>
<td>14,147</td>
<td>3.8%</td>
</tr>
<tr>
<td>1998-99</td>
<td></td>
<td>14,767</td>
<td>4.4% 8.3%</td>
</tr>
<tr>
<td>1999-00</td>
<td></td>
<td>15,780</td>
<td>6.9% 11.5%</td>
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<tr>
<td>2000-01</td>
<td></td>
<td>16,477</td>
<td>4.4% 11.6%</td>
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<tr>
<td>2001-02</td>
<td></td>
<td>17,572</td>
<td>6.6% 11.4% 28.9%</td>
</tr>
<tr>
<td>2002-03</td>
<td></td>
<td>18,435</td>
<td>4.9% 11.9% 30.3%</td>
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<tr>
<td>2003-04</td>
<td></td>
<td>18,470</td>
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</tr>
<tr>
<td>2004-05</td>
<td></td>
<td>18,488</td>
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</tr>
<tr>
<td>2005-06</td>
<td></td>
<td>18,549</td>
<td>0.3% 0.4% 12.6%</td>
</tr>
<tr>
<td>2006-07</td>
<td></td>
<td>18,581</td>
<td>0.2% 0.5% 5.7%</td>
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<tr>
<td>2007-08</td>
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<td>18,656</td>
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<tr>
<td>2008-09</td>
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<td>19,220</td>
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<tr>
<td>2011-12</td>
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<td>23,566</td>
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<tr>
<td>2012-13</td>
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<tr>
<td>2013-14</td>
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<td>24,933</td>
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<td>2014-15</td>
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<td>2017-18</td>
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<td>2020-21</td>
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<td>2022-23</td>
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<td>27,108</td>
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<td>2024-25</td>
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<td>28,057</td>
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<tr>
<td>2025-26</td>
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<td>2.3% 5.0% 7.5%</td>
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</table>
## Oregon State University - Cascades Campus

### Annual FTE Summary: 1996-97 to 2025-26

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual FTE</th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
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<tbody>
<tr>
<td>1996-97</td>
<td>133</td>
<td>-</td>
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<tr>
<td>1997-98</td>
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<tr>
<td>1999-00</td>
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<td>-</td>
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<tr>
<td>2000-01</td>
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<td>19.5%</td>
<td>-</td>
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<tr>
<td>2001-02</td>
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<td>120.4%</td>
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<td>11.6%</td>
<td>77.4%</td>
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<td>31.8%</td>
<td>55.1%</td>
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<td>39.9%</td>
<td>61.7%</td>
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<td>15.7%</td>
<td>67.7%</td>
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<tr>
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<td>15.2%</td>
<td>72.7%</td>
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<tr>
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<td>15.9%</td>
<td>47.4%</td>
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<tr>
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<td>35.2%</td>
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<td>1.9%</td>
<td>11.9%</td>
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<tr>
<td>2015-16</td>
<td>664</td>
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<td>0.8%</td>
<td>7.2%</td>
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<tr>
<td>2016-17</td>
<td>672</td>
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<td>1.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2017-18</td>
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<td>1.8%</td>
<td>3.8%</td>
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<td>2018-19</td>
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<td>6.7%</td>
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<tr>
<td>2020-21</td>
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<td>9.4%</td>
</tr>
<tr>
<td>2021-22</td>
<td>727</td>
<td>2.7%</td>
<td>6.5%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2022-23</td>
<td>727</td>
<td>2.7%</td>
<td>6.5%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2023-24</td>
<td>727</td>
<td>2.7%</td>
<td>6.5%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2024-25</td>
<td>727</td>
<td>2.7%</td>
<td>6.5%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2025-26</td>
<td>727</td>
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<td>6.5%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>
### Portland State University

**CONSOLIDATING STATEMENT OF NET ASSETS**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td><strong>ASSETS</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
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<td>$91,767</td>
<td>$69,953</td>
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<td>$28,764</td>
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<td>Short-Term Investments</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collateral from Securities Lending</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts Receivable, Net</td>
<td>63,894</td>
<td>50,626</td>
<td>48,037</td>
<td>53,290</td>
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<tr>
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<td>1,541</td>
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<td>1,638</td>
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<td>Inventories</td>
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<td>485</td>
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<td>Prepaid Expenses</td>
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<td>1,718</td>
<td>1,621</td>
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<td><strong>Total Current Assets</strong></td>
<td>147,686</td>
<td>146,078</td>
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<td><strong>Noncurrent Assets</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
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<td>71,457</td>
<td>59,878</td>
<td>87,626</td>
<td>41,356</td>
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<td>Notes Receivable, Net</td>
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<td>6,926</td>
<td>6,973</td>
<td>7,326</td>
<td>7,278</td>
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<tr>
<td>Due From Other OUS Funds and Entities</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>17,205</td>
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<tr>
<td>Capital Assets, Net of Accumulated Depreciation</td>
<td>447,084</td>
<td>451,492</td>
<td>411,324</td>
<td>335,718</td>
<td>278,247</td>
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<tr>
<td><strong>Total Noncurrent Assets</strong></td>
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<td>532,189</td>
<td>480,242</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
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<td>$678,267</td>
<td>$601,811</td>
<td>$522,479</td>
<td>$426,575</td>
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<tr>
<td><strong>LIABILITIES</strong></td>
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<td></td>
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</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
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<td></td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
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<td>Obligations Under Securities Lending</td>
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<td>-</td>
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<td>Current Portion of Long-Term Liabilities</td>
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<td>Deferred Revenue</td>
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<td>26,516</td>
<td>26,821</td>
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<td><strong>Total Current Liabilities</strong></td>
<td>67,715</td>
<td>59,736</td>
<td>68,894</td>
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<td>54,645</td>
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<tr>
<td><strong>Noncurrent Liabilities</strong></td>
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<tr>
<td>Long-Term Liabilities</td>
<td>235,448</td>
<td>242,307</td>
<td>192,435</td>
<td>277,671</td>
<td>197,835</td>
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<td>Due to Other OUS Funds and Entities</td>
<td>141,745</td>
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<td>131,893</td>
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<td><strong>Total Noncurrent Liabilities</strong></td>
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<td>387,247</td>
<td>324,328</td>
<td>277,822</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
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<td>$446,983</td>
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<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$115,769</td>
<td>$115,641</td>
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<td>$116,066</td>
<td>$86,305</td>
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<td>Restricted For:</td>
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<td>Nonexpendable Endowments</td>
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<td>Expendable:</td>
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<td>Gifts, Grants, and Contracts</td>
<td>1,415</td>
<td>1,963</td>
<td>2,135</td>
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<td>8,951</td>
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<td>Debt Service</td>
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<td>4</td>
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<td>419</td>
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<td>Unrestricted Net Assets</td>
<td>84,281</td>
<td>88,505</td>
<td>62,682</td>
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<td>$231,284</td>
<td>$208,589</td>
<td>$178,193</td>
<td>$156,737</td>
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</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.

Fiscal Year 2012 is not fully adjusted for financial reporting.
## CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For The Year Ended June 30, (in thousands)

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<td><strong>OPERATING REVENUES</strong></td>
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<tr>
<td>Student Tuition and Fees, Net</td>
<td>178,131</td>
<td>171,212</td>
<td>157,411</td>
<td>137,394</td>
<td>126,633</td>
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<td>State and Local Grants and Contracts</td>
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<td>Nongovernmental Grants and Contracts</td>
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<td>11,588</td>
<td>11,731</td>
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<td>Educational Department Sales and Services</td>
<td>5,680</td>
<td>5,854</td>
<td>4,866</td>
<td>5,410</td>
<td>5,883</td>
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<td>Auxiliary Enterprise Revenues, Net</td>
<td>69,726</td>
<td>67,038</td>
<td>61,021</td>
<td>53,827</td>
<td>48,989</td>
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<td>Other Operating Revenues</td>
<td>6,387</td>
<td>6,190</td>
<td>5,453</td>
<td>5,144</td>
<td>4,979</td>
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<td><strong>Total Operating Revenues</strong></td>
<td>329,729</td>
<td>318,071</td>
<td>286,961</td>
<td>257,391</td>
<td>231,613</td>
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<tr>
<td><strong>OPERATING EXPENSES</strong></td>
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<td>Instruction</td>
<td>157,752</td>
<td>150,647</td>
<td>138,484</td>
<td>138,054</td>
<td>125,609</td>
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<td>47,152</td>
<td>44,755</td>
<td>39,608</td>
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<td>9,548</td>
<td>8,814</td>
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<td>Academic Support</td>
<td>33,699</td>
<td>31,445</td>
<td>28,571</td>
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<td>25,008</td>
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<td>Student Services</td>
<td>17,032</td>
<td>15,167</td>
<td>13,029</td>
<td>13,092</td>
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<td>71,248</td>
<td>60,848</td>
<td>56,119</td>
<td>52,417</td>
<td>47,461</td>
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<td>Institutional Support</td>
<td>28,354</td>
<td>23,894</td>
<td>22,018</td>
<td>24,453</td>
<td>19,384</td>
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<td>Operation and Maintenance of Plant</td>
<td>22,091</td>
<td>27,558</td>
<td>25,565</td>
<td>22,619</td>
<td>20,859</td>
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<td>Student Aid</td>
<td>31,134</td>
<td>30,438</td>
<td>27,656</td>
<td>22,006</td>
<td>18,475</td>
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<td>Other Operating Expenses</td>
<td>21,445</td>
<td>20,586</td>
<td>18,007</td>
<td>23,145</td>
<td>18,117</td>
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<td><strong>Total Operating Expenses</strong></td>
<td>443,318</td>
<td>417,283</td>
<td>383,018</td>
<td>370,927</td>
<td>323,071</td>
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<tr>
<td><strong>Operating Loss</strong></td>
<td>(113,589)</td>
<td>(99,212)</td>
<td>(96,057)</td>
<td>(113,536)</td>
<td>(91,458)</td>
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<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
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<td></td>
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<tr>
<td>Government Appropriations</td>
<td>55,124</td>
<td>73,005</td>
<td>70,186</td>
<td>72,954</td>
<td>75,458</td>
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<td>Grants</td>
<td>51,498</td>
<td>48,262</td>
<td>48,282</td>
<td>36,720</td>
<td>26,531</td>
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<td>Investment Activity</td>
<td>1,112</td>
<td>730</td>
<td>693</td>
<td>868</td>
<td>1,097</td>
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<td>Gain (Loss) on Sale/Disposal of Assets, Net</td>
<td>(311)</td>
<td>(462)</td>
<td>(664)</td>
<td>(190)</td>
<td>(637)</td>
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<tr>
<td>Interest Expense</td>
<td>(19,558)</td>
<td>(16,000)</td>
<td>(13,275)</td>
<td>(11,414)</td>
<td>(9,743)</td>
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<td>Other Nonoperating Items</td>
<td>(2,563)</td>
<td>5,232</td>
<td>8,124</td>
<td>2,638</td>
<td>4,049</td>
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<td><strong>Net Nonoperating Revenues</strong></td>
<td>85,302</td>
<td>110,767</td>
<td>113,346</td>
<td>101,576</td>
<td>96,755</td>
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<tr>
<td>Income (Loss) Before Other Revenues, Expenses, Gains or Losses</td>
<td>(28,287)</td>
<td>11,555</td>
<td>17,289</td>
<td>(11,960)</td>
<td>5,297</td>
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<tr>
<td>Capital and Debt Service Appropriations</td>
<td>10,715</td>
<td>8,943</td>
<td>6,794</td>
<td>14,174</td>
<td>10,467</td>
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<td>Capital Grants and Gifts</td>
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<td>1,781</td>
<td>5,358</td>
<td>9,927</td>
<td>9,953</td>
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<tr>
<td>Additions to Permanent Endowments</td>
<td>-</td>
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<tr>
<td>Contribution to (Distribution of) Capital Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Transfers within OUS</td>
<td>(9,362)</td>
<td>416</td>
<td>955</td>
<td>9,315</td>
<td>(3,151)</td>
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<tr>
<td><strong>Total Other Nonoperating Revenues</strong></td>
<td>14,866</td>
<td>11,140</td>
<td>13,107</td>
<td>33,416</td>
<td>17,269</td>
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<tr>
<td>Increase (Decrease) In Net Assets</td>
<td>(13,421)</td>
<td>22,695</td>
<td>30,396</td>
<td>21,456</td>
<td>22,566</td>
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<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>231,284</td>
<td>208,589</td>
<td>178,193</td>
<td>156,737</td>
<td>134,171</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$ 217,863</td>
<td>231,284</td>
<td>$ 208,589</td>
<td>178,193</td>
<td>$ 156,737</td>
</tr>
</tbody>
</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation
Fiscal year 2012 is not fully adjusted for financial reporting
### Portland State University

(Dollar amounts in thousands)

#### Current Ratio:

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>147,686</td>
<td>146,078</td>
<td>121,569</td>
<td>88,804</td>
<td>80,195</td>
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<tr>
<td>Current Liabilities</td>
<td>67,715</td>
<td>59,736</td>
<td>68,894</td>
<td>66,464</td>
<td>54,645</td>
</tr>
</tbody>
</table>

#### Contribution Ratio:

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>178,131</td>
<td>171,212</td>
<td>157,411</td>
<td>137,394</td>
<td>126,633</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>69,805</td>
<td>67,777</td>
<td>58,210</td>
<td>55,616</td>
<td>45,129</td>
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<td>Auxiliary Enterprises</td>
<td>69,726</td>
<td>67,038</td>
<td>61,021</td>
<td>53,827</td>
<td>49,889</td>
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<td>Other (A)</td>
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<td>12,044</td>
<td>10,319</td>
<td>10,554</td>
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<td>Self Generated Revenues</td>
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<td>318,071</td>
<td>286,961</td>
<td>257,391</td>
<td>231,613</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>55,124</td>
<td>73,005</td>
<td>70,186</td>
<td>72,954</td>
<td>75,458</td>
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<tr>
<td>Nonoperating Revenue (B)</td>
<td>49,736</td>
<td>53,943</td>
<td>56,435</td>
<td>40,036</td>
<td>31,040</td>
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<tr>
<td>(Contribution to) Use of Fund Balance</td>
<td>28,287</td>
<td>(11,736)</td>
<td>(17,289)</td>
<td>(11,960)</td>
<td>(5,297)</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>462,876</td>
<td>433,283</td>
<td>396,293</td>
<td>382,341</td>
<td>332,814</td>
</tr>
</tbody>
</table>

#### Percentage of Total Expenditures used for Core Services:

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<tr>
<td>Core Services Expenditures (1)</td>
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<td>207,347</td>
<td>192,053</td>
<td>186,597</td>
<td>162,507</td>
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<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>391,628</td>
<td>372,435</td>
<td>340,174</td>
<td>329,924</td>
<td>329,729</td>
</tr>
</tbody>
</table>

#### Percentage of Total Expenditures used for Support Services and Student Aid:

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</thead>
<tbody>
<tr>
<td>Support Svcs and Student Aid Exp (2)</td>
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<td>77,050</td>
<td>69,256</td>
<td>61,696</td>
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<tr>
<td>Total Adjusted Expenses, Net (4)</td>
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<td>372,435</td>
<td>340,174</td>
<td>329,924</td>
<td>329,729</td>
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</tbody>
</table>

#### Percentage of Total Expenditures used for Administration and Physical Plant:

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<tbody>
<tr>
<td>Administration and Physical Plant (3)</td>
<td>50,445</td>
<td>51,452</td>
<td>47,583</td>
<td>47,072</td>
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<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>391,628</td>
<td>372,435</td>
<td>340,174</td>
<td>329,924</td>
<td>329,729</td>
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#### Primary Reserve Ratio:

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<td>Expendable Net Assets (5)</td>
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<td>99,083</td>
<td>73,773</td>
<td>52,694</td>
<td>56,247</td>
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<tr>
<td>Total Adjusted Expenses (C)</td>
<td>462,876</td>
<td>433,283</td>
<td>396,293</td>
<td>382,341</td>
<td>332,814</td>
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</table>

#### Debt Burden Ratio (6):

<table>
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<tbody>
<tr>
<td>Principal and Interest Paid</td>
<td>20,477</td>
<td>19,015</td>
<td>16,135</td>
<td>15,817</td>
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<td>Total Adjusted Expenses (7)</td>
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<td>433,283</td>
<td>396,062</td>
<td>383,837</td>
<td>333,279</td>
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#### Long-Term Liabilities:

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<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
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<tr>
<td>XI-F(1)</td>
<td>24,519</td>
<td>31,122</td>
<td>2,285</td>
<td>13,320</td>
<td>12,838</td>
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<td>Internal Bank Loans</td>
<td>141,745</td>
<td>144,790</td>
<td>11,604</td>
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<td>XI-Q</td>
<td>98,119</td>
<td>100,626</td>
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<tr>
<td>XI-Q</td>
<td>3,865</td>
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<tr>
<td>Lottery</td>
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<td>16,316</td>
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<td>43,072</td>
<td>3,371</td>
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<td>SELP</td>
<td>46,578</td>
<td>24,701</td>
<td>1,478</td>
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<td>Capital Leases</td>
<td>7,5</td>
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<td>5</td>
<td>12</td>
<td>24</td>
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<tr>
<td>Other</td>
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<tr>
<td>Total</td>
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<td>$360,834</td>
<td>$19,015</td>
<td>$325,754</td>
<td>$278,498</td>
</tr>
</tbody>
</table>

(A) Educational Department Sales and Services and Other Operating Revenues
(B) Federal Appropriations, Investment Activities, Other Nonoperating Items
(C) Total Adjusted Expenses: Operating Expenses and Interest Expense
(D) Total Expenditures: Net (C) + Nonoperating Revenue
(E) Total Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense
(F) This is a simplified calculation that does not incorporate adjustments necessary to recognize the affect of the Student Building Fund pool or Consolidated Dormitory debt pool.
(G) It may be revised for future presentations.
(H) Total Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense
## Portland State University
### OUS Peer Ratio Analysis
#### FY 2011

### Available Peer Group

<table>
<thead>
<tr>
<th>Available Peer Group</th>
<th>PSU</th>
<th>Average</th>
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</thead>
<tbody>
<tr>
<td>Student FTE (H)</td>
<td>22,122</td>
<td>23,126</td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>711</td>
<td>921</td>
</tr>
<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE) (H)</td>
<td>285</td>
<td>149</td>
</tr>
<tr>
<td>Faculty FTE</td>
<td>956</td>
<td>1,070</td>
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<tr>
<td>Total Student FTE/Faculty FTE</td>
<td>22.2</td>
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### Current Ratio

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<tr>
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</table>

### Operating Expenses

- **Student Tuition and Fees**: $171,212, 38% of Portland State University's budget, which is $185,784, 35% of the peer group average.
- **Grants and Contracts**: $67,777, 15% of Portland State University's budget, which is $49,212, 9% of the peer group average.
- **Auxiliary Enterprises**: $67,038, 15% of Portland State University's budget, which is $66,608, 12% of the peer group average.
- **Other (A)**: $6,044, 3% of Portland State University's budget, which is $94,245, 5% of the peer group average.

### Total Adjusted Expenses (F)

- **Total Adjusted Expenses-net (D)**: $534,644, 72% of Portland State University's budget, which is $326,850, 47% of the peer group average.

### Debt Burden Ratio

- **Debt Service**: $19,015, 38% of Portland State University's budget, which is $47,325, 88% of the peer group average.
- **Total Adjusted Expenses (G)**: $433,283, 56% of Portland State University's budget, which is $650,839, 100% of the peer group average.

### Contribution to (Use of) Fund Balance

- **Contribution Ratio**: $996, 1,070 of Portland State University's budget, which is $1,046, 1,144 of the peer group average.

### Contribution to (Use of) Fund Balance

- **Operating revenues**: $534,644, 72% of Portland State University's budget, which is $326,850, 47% of the peer group average.

### Other Revenues

- **State Appropriation Funding per Std. FTE**: $129,010, 24% of Portland State University's budget, which is $129,010, 24% of the peer group average.

### Nonoperating Revenues (B)

- **Student Aid per Student FTE**: $218,968, 47% of Portland State University's budget, which is $178,988, 36% of the peer group average.

### Academic Support per Faculty FTE

- **Student Aid Expenses**: $66,608, 15% of Portland State University's budget, which is $55,926, 14% of the peer group average.

### Instruction Expenses

- **Instruction cost per Student FTE**: $42,148, 10% of Portland State University's budget, which is $100,486, 16% of the peer group average.

### Financial Data

- **Student Tuition and Fees (net) per Student FTE**: $7,739, which is 27% of Portland State University's budget, which is $7,739, which is 27% of the peer group average.

### Operating Revenues

- **Total Revenues**: $433,283, which is 56% of Portland State University's budget, which is $650,839, which is 100% of the peer group average.

### Debt Burden Ratio

- **Debt Service**: $19,015, which is 38% of Portland State University's budget, which is $47,325, which is 88% of the peer group average.

### Total Adjusted Expenses (G)

- **Total Adjusted Expenses-net (D)**: $534,644, which is 72% of Portland State University's budget, which is $326,850, which is 47% of the peer group average.

### Debt Burden Ratio

- **Debt Service**: $19,015, which is 38% of Portland State University's budget, which is $47,325, which is 88% of the peer group average.

### Total Adjusted Expenses (G)

- **Total Adjusted Expenses-net (D)**: $534,644, which is 72% of Portland State University's budget, which is $326,850, which is 47% of the peer group average.

### Debt Burden Ratio

- **Debt Service**: $19,015, which is 38% of Portland State University's budget, which is $47,325, which is 88% of the peer group average.

### Total Adjusted Expenses (G)

- **Total Adjusted Expenses-net (D)**: $534,644, which is 72% of Portland State University's budget, which is $326,850, which is 47% of the peer group average.
# Portland State University

## Annual FTE Summary: 1996-97 to 2025-26

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<td>9.5%</td>
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<td>8.1%</td>
<td>6.5%</td>
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<td>3.4%</td>
<td>1.8%</td>
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<tr>
<td>growth</td>
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### Southern Oregon University

#### CONSOLIDATING STATEMENT OF NET ASSETS

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<td><strong>Current Assets</strong></td>
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<td>Cash and Cash Equivalents</td>
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<td>Short-Term Investments</td>
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<tr>
<td>Collateral from Securities Lending</td>
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<tr>
<td>Cash and Cash Equivalents</td>
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<td>Due From Other OUS Funds and Entities</td>
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<td>Capital Assets, Net of Accumulated Depreciation</td>
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<td><strong>Total Noncurrent Assets</strong></td>
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<td>$87,783</td>
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<td><strong>TOTAL ASSETS</strong></td>
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<td><strong>Current Liabilities</strong></td>
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<td>Accounts Payable and Accrued Liabilities</td>
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<td>Long-Term Liabilities</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
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<td>Invested in Capital Assets, Net of Related Debt</td>
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Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.
## CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For The Year Ended June 30, (in thousands)

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<tr>
<td><strong>OPERATING REVENUES</strong></td>
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<tr>
<td>Student Tuition and Fees, Net</td>
<td>27,870</td>
<td>24,942</td>
<td>21,811</td>
<td>20,246</td>
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<td>State and Local Grants and Contracts</td>
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<td>985</td>
<td>572</td>
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<td>988</td>
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<td>(2,941)</td>
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<td>(3,421)</td>
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<tr>
<td>Capital and Debt Service Appropriations</td>
<td>3,005</td>
<td>3,004</td>
<td>3,075</td>
<td>2,958</td>
<td>2,600</td>
</tr>
<tr>
<td>Capital Grants and Gifts</td>
<td>2,184</td>
<td>877</td>
<td>504</td>
<td>104</td>
<td>3,795</td>
</tr>
<tr>
<td>Additions to Permanent Endowments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to (Distribution of) Capital Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers within OUS</td>
<td>940</td>
<td>438</td>
<td>1,252</td>
<td>(295)</td>
<td>1,323</td>
</tr>
<tr>
<td><strong>Total Other Nonoperating Revenues</strong></td>
<td>6,129</td>
<td>4,319</td>
<td>4,831</td>
<td>2,767</td>
<td>7,718</td>
</tr>
<tr>
<td><strong>Increase (Decrease) In Net Assets</strong></td>
<td>(395)</td>
<td>2,898</td>
<td>1,410</td>
<td>(5,286)</td>
<td>3,662</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>41,898</td>
<td>41,988</td>
<td>37,590</td>
<td>42,876</td>
<td>39,214</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$ 41,503</td>
<td>$ 41,988</td>
<td>$ 39,000</td>
<td>$ 37,590</td>
<td>$ 42,876</td>
</tr>
</tbody>
</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation
Fiscal year 2012 is not fully adjusted for financial reporting
Southern Oregon University  
(Dollar amounts in thousands)

### Current Ratio:

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>22,229</td>
<td>23,222</td>
<td>19,959</td>
<td>18,273</td>
<td>18,847</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>12,459</td>
<td>1,8</td>
<td>8,388</td>
<td>2.8</td>
<td>8,161</td>
</tr>
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</table>

### Contribution Ratio:

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>27,870</td>
<td>32%</td>
<td>24,942</td>
<td>30%</td>
<td>21,811</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>3,415</td>
<td>4%</td>
<td>3,542</td>
<td>4%</td>
<td>4,892</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>18,816</td>
<td>22%</td>
<td>16,019</td>
<td>22%</td>
<td>18,213</td>
</tr>
<tr>
<td>Other (A)</td>
<td>2,786</td>
<td>3%</td>
<td>3,847</td>
<td>4%</td>
<td>2,473</td>
</tr>
<tr>
<td>Self Generated Revenues</td>
<td>52,887</td>
<td>61%</td>
<td>50,150</td>
<td>61%</td>
<td>47,389</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>12,974</td>
<td>15%</td>
<td>16,663</td>
<td>20%</td>
<td>17,180</td>
</tr>
<tr>
<td>Nonoperating Revenue (B)</td>
<td>14,975</td>
<td>17%</td>
<td>14,058</td>
<td>17%</td>
<td>14,121</td>
</tr>
<tr>
<td>(Contribution to) Use of Fund Balance</td>
<td>6,524</td>
<td>7%</td>
<td>1,421</td>
<td>2%</td>
<td>3,421</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>87,360</td>
<td>100%</td>
<td>82,292</td>
<td>100%</td>
<td>82,111</td>
</tr>
</tbody>
</table>

### Percentage of Total Expenditures used for Core Services:

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Services Expenditures (1)</td>
<td>34,354</td>
<td>32,142</td>
<td>30,194</td>
<td>29,602</td>
<td>30,429</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>69,253</td>
<td>49.6%</td>
<td>65,483</td>
<td>49.1%</td>
<td>64,214</td>
</tr>
</tbody>
</table>

1. Core Services Expenditures: Instruction, Research, Public Service

### Percentage of Total Expenditures used for Support Services and Student Aid:

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Svcs and Student Aid Exp (2)</td>
<td>18,643</td>
<td>18,334</td>
<td>17,530</td>
<td>16,500</td>
<td>14,740</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>69,253</td>
<td>26.9%</td>
<td>65,483</td>
<td>28.0%</td>
<td>64,214</td>
</tr>
</tbody>
</table>

2. Support Services and Student Aid: Academic Support, Student Services, and Student Aid

### Percentage of Total Expenditures used for Administration and Physical Plant:

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration and Physical Plant (3)</td>
<td>9,286</td>
<td>9,242</td>
<td>7,741</td>
<td>9,158</td>
<td>8,596</td>
</tr>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>69,253</td>
<td>13.4%</td>
<td>65,483</td>
<td>12.9%</td>
<td>64,214</td>
</tr>
</tbody>
</table>

3. Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant

### Primary Reserve Ratio:

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expendable Net Assets (5)</td>
<td>14,672</td>
<td>16,492</td>
<td>13,467</td>
<td>11,077</td>
<td>13,610</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>87,360</td>
<td>16.8%</td>
<td>82,292</td>
<td>20.0%</td>
<td>82,111</td>
</tr>
</tbody>
</table>


### Debt Burden Ratio (6):

<table>
<thead>
<tr>
<th>Years</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal and Interest Paid</td>
<td>2,534</td>
<td>2,592</td>
<td>2,647</td>
<td>2,751</td>
<td>2,709</td>
</tr>
<tr>
<td>Total Adjusted Expenses (7)</td>
<td>83,761</td>
<td>3.1%</td>
<td>79,014</td>
<td>3.4%</td>
<td>78,726</td>
</tr>
</tbody>
</table>

6. This is a simplified calculation that does not incorporate adjustments necessary to recognize the affect of the Student Building Fund pool or Consolidated Dormitory debt pool. It may be revised for future presentations.

7. Total Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense

### Long-Term Liabilities:

<table>
<thead>
<tr>
<th>Years</th>
<th>Fiscal Year 2012</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>XI-F (1)</td>
<td>6,226</td>
<td>724</td>
<td>7,729</td>
<td>723</td>
<td>22,943</td>
</tr>
<tr>
<td>Internal Bank Loans</td>
<td>13,765</td>
<td>1,619</td>
<td>14,125</td>
<td>1,654</td>
<td>23,545</td>
</tr>
<tr>
<td>XI-G</td>
<td>21,474</td>
<td>-</td>
<td>22,799</td>
<td>-</td>
<td>23,545</td>
</tr>
<tr>
<td>XI-Q</td>
<td>4,347</td>
<td>-</td>
<td>8,082</td>
<td>-</td>
<td>9,604</td>
</tr>
<tr>
<td>Lottery</td>
<td>1,758</td>
<td>-</td>
<td>1,664</td>
<td>-</td>
<td>1,815</td>
</tr>
<tr>
<td>COPs</td>
<td>941</td>
<td>191</td>
<td>1,080</td>
<td>206</td>
<td>1,222</td>
</tr>
<tr>
<td>SELP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>7</td>
<td>13</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>$56,810</td>
<td>$2,534</td>
<td>$55,514</td>
<td>$2,592</td>
<td>$59,142</td>
</tr>
</tbody>
</table>

(1) Federal Appropriations, Investment Activities, Other Nonoperating Items

(2) Total Adjusted Expenses: Operating Expenses and Interest Expense

(3) Total Adjusted Expenses shown above less Auxiliary Enterprises Expenses

(4) Total Operating Expenses and Principal and Interest Paid

(5) Expendable Net Assets: Expendable Restricted Net Assets

(6) This is a simplified calculation that does not incorporate adjustments necessary to recognize the affect of the Student Building Fund pool or Consolidated Dormitory debt pool. It may be revised for future presentations.

(7) Total Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense
### Southern Oregon University
#### OUS Peer Ratio Analysis
#### FY 2011

<table>
<thead>
<tr>
<th>Available Peer Group</th>
<th>SOU</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOU Peer Ratio Analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SOU</td>
<td>State - Stanislaus</td>
</tr>
<tr>
<td>Student FTE (H)</td>
<td>4,893</td>
<td>7,801</td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>231</td>
<td>308</td>
</tr>
<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE (H))</td>
<td>1</td>
<td>33</td>
</tr>
<tr>
<td>Faculty FTE</td>
<td>232</td>
<td></td>
</tr>
<tr>
<td>Student FTE/Faculty FTE</td>
<td>20.2</td>
<td>23.1</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Contribution Ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>$24,042</td>
<td>31%</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$3,542</td>
<td>4%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>$18,019</td>
<td>22%</td>
</tr>
<tr>
<td>Other (A)</td>
<td>2,647</td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>50,150</td>
<td>62%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>16,663</td>
<td>21%</td>
</tr>
<tr>
<td>Nonoperating Revenues (B)</td>
<td>$14,058</td>
<td>17%</td>
</tr>
<tr>
<td>Total revenues</td>
<td>80,871</td>
<td>100%</td>
</tr>
<tr>
<td>Contribution to (Use of) Fund Balance</td>
<td>(1,421)</td>
<td>-2%</td>
</tr>
<tr>
<td></td>
<td>5,524</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>11,645</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>(3,231)</td>
<td>-4%</td>
</tr>
<tr>
<td>Tuition and Fees (net) per Student FTE</td>
<td>$5,351</td>
<td>5%</td>
</tr>
<tr>
<td>State Appropriation Funding per Std. FTE</td>
<td>$3,551</td>
<td>5%</td>
</tr>
<tr>
<td>Total Tuition/Fees/Approp. per Std. FTE</td>
<td>$8,865</td>
<td>10%</td>
</tr>
<tr>
<td>Grants and Contracts per F-T Faculty</td>
<td>$15,333</td>
<td>18%</td>
</tr>
<tr>
<td>Instruction Expenses</td>
<td>$28,300</td>
<td>33%</td>
</tr>
<tr>
<td>Instruction cost per Student FTE</td>
<td>$6,030</td>
<td>8%</td>
</tr>
<tr>
<td>Research Expenses</td>
<td>$980</td>
<td>1%</td>
</tr>
<tr>
<td>Research cost per F-T Faculty</td>
<td>$4,242</td>
<td>5%</td>
</tr>
<tr>
<td>Academic Support Expenses</td>
<td>$5,901</td>
<td>7%</td>
</tr>
<tr>
<td>Academic Support per Faculty FTE</td>
<td>$29,780</td>
<td>36%</td>
</tr>
<tr>
<td>Student Services Expenses</td>
<td>$4,562</td>
<td>6%</td>
</tr>
<tr>
<td>Student Services per Student FTE</td>
<td>$1,642</td>
<td>2%</td>
</tr>
<tr>
<td>Student Aid Expenses</td>
<td>$6,863</td>
<td>8%</td>
</tr>
<tr>
<td>Student Aid per Student FTE</td>
<td>$1,462</td>
<td>2%</td>
</tr>
<tr>
<td>Total Funding used for Administration and Physical Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Administration and Physical Plant (C)</td>
<td>$8,424</td>
<td>10%</td>
</tr>
<tr>
<td>Total Adjusted Expenses-net (D)</td>
<td>$65,483</td>
<td>84%</td>
</tr>
<tr>
<td>As % of Total Adjusted Expenses-net (E)</td>
<td>12.9%</td>
<td>20.6%</td>
</tr>
<tr>
<td>Primary Reserve Ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendable Net Assets (E)</td>
<td>$16,492</td>
<td>40%</td>
</tr>
<tr>
<td>Total Adjusted Expenses (F)</td>
<td>$82,292</td>
<td>129,420</td>
</tr>
<tr>
<td>Primary Reserve Ratio</td>
<td>20.0%</td>
<td>29.4%</td>
</tr>
<tr>
<td>Debt Burden Ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$2,592</td>
<td>3%</td>
</tr>
<tr>
<td>Total Adjusted Expenses (G)</td>
<td>$77,947</td>
<td>124,421</td>
</tr>
<tr>
<td>Debt Burden Ratio</td>
<td>3.3%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

(A) Education Department Sales and Services, Other Operating Revenues.
(B) Federal Appropriations, Investment Activities, Nonoperating Grants Including Financial Aid and Other Nonoperating Items including Gifts. Excludes Hospital Revenues, Capital Gifts and Capital Grants.
(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.
(D) Total Adjusted Expenses less Auxiliary Enterprises expenses.
(F) Operating Expenses and Interest Expense and Principal less Depreciation Expense.

**SOURCE:** Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.
## Southern Oregon University
### Annual FTE Summary: 1996-97 to 2025-26

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual FTE</th>
<th>Projected FTE</th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>SOU 4,191</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td>4,413</td>
<td></td>
<td>5.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998-99</td>
<td>4,475</td>
<td>1.4%</td>
<td>6.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999-00</td>
<td>4,646</td>
<td>3.8%</td>
<td>5.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>4,542</td>
<td>-2.2%</td>
<td>1.5%</td>
<td></td>
<td></td>
</tr>
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<td>2001-02</td>
<td>4,647</td>
<td>2.3%</td>
<td>0.0%</td>
<td>10.9%</td>
<td></td>
</tr>
<tr>
<td>2002-03</td>
<td>4,648</td>
<td>0.0%</td>
<td>2.3%</td>
<td>5.3%</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>4,659</td>
<td>0.2%</td>
<td>0.2%</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>4,418</td>
<td>-5.2%</td>
<td>-4.9%</td>
<td>-4.9%</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>4,249</td>
<td>-3.8%</td>
<td>-8.8%</td>
<td>-6.5%</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>4,174</td>
<td>-1.7%</td>
<td>-5.5%</td>
<td>-10.2%</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>4,213</td>
<td>0.9%</td>
<td>-0.8%</td>
<td>-9.4%</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>4,373</td>
<td>3.8%</td>
<td>4.8%</td>
<td>-6.1%</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>4,472</td>
<td>2.3%</td>
<td>6.2%</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>4,703</td>
<td>5.2%</td>
<td>7.6%</td>
<td>10.7%</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>4,875</td>
<td>3.7%</td>
<td>9.0%</td>
<td>16.8%</td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>5,032</td>
<td>3.2%</td>
<td>7.0%</td>
<td>19.4%</td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>5,124</td>
<td>1.8%</td>
<td>5.1%</td>
<td>17.2%</td>
<td></td>
</tr>
<tr>
<td>2014-15</td>
<td>5,188</td>
<td>1.2%</td>
<td>3.1%</td>
<td>16.0%</td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>5,213</td>
<td>0.5%</td>
<td>1.7%</td>
<td>10.8%</td>
<td></td>
</tr>
<tr>
<td>2016-17</td>
<td>5,280</td>
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<td>2019-20</td>
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<td>2021-22</td>
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<td>1.1%</td>
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<td>2022-23</td>
<td>5,511</td>
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<td>2023-24</td>
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<td>2024-25</td>
<td>5,735</td>
<td>3.2%</td>
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<tr>
<td>2025-26</td>
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<td>2.4%</td>
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University of Oregon

CONSOLIDATING STATEMENT OF NET ASSETS

As of June 30, (in thousands)

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<tr>
<td><strong>Current Assets</strong></td>
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<tr>
<td>Cash and Cash Equivalents</td>
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<tr>
<td>Collateral from Securities Lending</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accounts Receivable, Net</td>
<td>55,834</td>
<td>53,575</td>
<td>53,725</td>
<td>46,765</td>
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<td>Notes Receivable, Net</td>
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<td>3,564</td>
<td>3,906</td>
<td>4,125</td>
<td>3,567</td>
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<td>Inventories</td>
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<td>2,420</td>
<td>2,078</td>
<td>2,062</td>
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<td>Prepaid Expenses</td>
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<td>4,743</td>
<td>3,317</td>
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<td>3,070</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>261,518</td>
<td>242,741</td>
<td>189,240</td>
<td>148,551</td>
<td>145,580</td>
</tr>
<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
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<tr>
<td>Cash and Cash Equivalents</td>
<td>52,950</td>
<td>151,083</td>
<td>224,141</td>
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<td>Investments</td>
<td>26,295</td>
<td>27,279</td>
<td>23,420</td>
<td>23,193</td>
<td>27,135</td>
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<tr>
<td>Notes Receivable, Net</td>
<td>14,052</td>
<td>17,281</td>
<td>18,707</td>
<td>20,052</td>
<td>21,766</td>
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<td>Due From Other OUS Funds and Entities</td>
<td>-</td>
<td>-</td>
<td>200,000</td>
<td>-</td>
<td>4,215</td>
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<td>Capital Assets, Net of Accumulated Depreciation</td>
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<td>1,004,074</td>
<td>813,358</td>
<td>611,045</td>
<td>517,804</td>
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<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>1,191,230</td>
<td>1,199,717</td>
<td>1,279,626</td>
<td>881,795</td>
<td>819,853</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,452,748</td>
<td>1,442,458</td>
<td>1,468,866</td>
<td>1,030,346</td>
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<td><strong>LIABILITIES</strong></td>
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<tr>
<td><strong>Current Liabilities</strong></td>
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<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>43,615</td>
<td>52,795</td>
<td>34,542</td>
<td>41,705</td>
<td>26,358</td>
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<td>Deposits</td>
<td>3,733</td>
<td>6,198</td>
<td>5,198</td>
<td>5,067</td>
<td>5,285</td>
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<td>Obligations Under Securities Lending</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Current Portion of Long-Term Liabilities</td>
<td>18,603</td>
<td>17,281</td>
<td>16,707</td>
<td>20,052</td>
<td>21,766</td>
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<td>Deferred Revenue</td>
<td>54,651</td>
<td>50,161</td>
<td>40,431</td>
<td>32,551</td>
<td>28,230</td>
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<td><strong>Total Current Liabilities</strong></td>
<td>120,602</td>
<td>127,287</td>
<td>96,801</td>
<td>93,336</td>
<td>71,999</td>
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<td><strong>Noncurrent Liabilities</strong></td>
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<tr>
<td>Long-Term Liabilities</td>
<td>410,206</td>
<td>417,244</td>
<td>401,033</td>
<td>511,533</td>
<td>465,242</td>
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<td>Due to Other OUS Funds and Entities</td>
<td>263,700</td>
<td>272,827</td>
<td>437,373</td>
<td>50</td>
<td>4,299</td>
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<td><strong>Total Noncurrent Liabilities</strong></td>
<td>673,906</td>
<td>690,071</td>
<td>838,406</td>
<td>511,583</td>
<td>469,541</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
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<td>817,358</td>
<td>935,207</td>
<td>604,919</td>
<td>541,540</td>
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<td><strong>NET ASSETS</strong></td>
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<td>Invested in Capital Assets, Net of Related Debt</td>
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<td>422,615</td>
<td>366,348</td>
<td>313,025</td>
<td>255,264</td>
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<td>Restricted For:</td>
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<td>Nonexpendable Endowments</td>
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<td>7,391</td>
<td>7,391</td>
<td>7,388</td>
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<td>Expendable:</td>
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<td>Student Loans</td>
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<td>26,293</td>
<td>26,447</td>
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<td>Capital Projects</td>
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<td>47,499</td>
<td>45,381</td>
<td>3,164</td>
<td>39,013</td>
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<td>Debt Service</td>
<td>35</td>
<td>14</td>
<td>22</td>
<td>11</td>
<td>9,907</td>
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<td>Unrestricted Net Assets</td>
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<td>88,981</td>
<td>58,623</td>
<td>32,038</td>
<td>38,646</td>
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<td><strong>TOTAL NET ASSETS</strong></td>
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<td>625,100</td>
<td>533,659</td>
<td>425,427</td>
<td>423,893</td>
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Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.
### OPERATING REVENUES

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<thead>
<tr>
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<tbody>
<tr>
<td>Student Tuition and Fees, Net</td>
<td>$324,442</td>
<td>$285,187</td>
<td>$243,054</td>
<td>$203,974</td>
<td>$178,794</td>
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<td>Federal Grants and Contracts</td>
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<td>105,453</td>
<td>94,680</td>
<td>93,799</td>
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<td>State and Local Grants and Contracts</td>
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<td>3,801</td>
<td>307</td>
<td>824</td>
<td>3,118</td>
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<td>Nongovernmental Grants and Contracts</td>
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<td>17,958</td>
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<td>18,227</td>
<td>13,671</td>
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<td>Auxiliary Enterprise Revenues, Net</td>
<td>132,949</td>
<td>126,616</td>
<td>114,371</td>
<td>100,911</td>
<td>96,312</td>
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<td>Other Operating Revenues</td>
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<td>8,249</td>
<td>4,816</td>
<td>6,421</td>
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<td>556,058</td>
<td>478,988</td>
<td>434,163</td>
<td>389,121</td>
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### OPERATING EXPENSES

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<td>Instruction</td>
<td>227,624</td>
<td>205,185</td>
<td>183,121</td>
<td>179,363</td>
<td>167,286</td>
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<td>Research</td>
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<td>82,767</td>
<td>78,679</td>
<td>76,231</td>
<td>66,545</td>
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<td>Public Service</td>
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<td>38,390</td>
<td>39,900</td>
<td>36,620</td>
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<tr>
<td>Academic Support</td>
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<td>40,556</td>
<td>38,390</td>
<td>39,900</td>
<td>36,620</td>
</tr>
<tr>
<td>Student Services</td>
<td>31,486</td>
<td>27,856</td>
<td>25,483</td>
<td>24,787</td>
<td>22,081</td>
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<td>Auxiliary Programs</td>
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<td>137,416</td>
<td>141,991</td>
<td>119,759</td>
<td>111,987</td>
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<td>Institutional Support</td>
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<td>59,169</td>
<td>54,218</td>
<td>51,353</td>
<td>44,372</td>
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<td>Operation and Maintenance of Plant</td>
<td>32,327</td>
<td>29,696</td>
<td>26,298</td>
<td>24,787</td>
<td>22,081</td>
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<td>Student Aid</td>
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<td>15,749</td>
<td>17,122</td>
<td>15,315</td>
<td>11,722</td>
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<td>Other Operating Expenses</td>
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<td>24,019</td>
<td>23,077</td>
<td>23,862</td>
<td>27,696</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
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<td>660,126</td>
<td>621,881</td>
<td>584,353</td>
<td>540,018</td>
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### NONOPERATING REVENUES (EXPENSES)

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<td>Government Appropriations</td>
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<td>66,528</td>
<td>66,794</td>
<td>73,121</td>
<td>75,423</td>
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<td>29,417</td>
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<td>Investment Activity</td>
<td>13,100</td>
<td>14,079</td>
<td>9,373</td>
<td>7,027</td>
<td>11,008</td>
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<td>Gain (Loss) on Sale/Disposal of Assets, Net</td>
<td>(122)</td>
<td>(186)</td>
<td>(100)</td>
<td>2,760</td>
<td>(56)</td>
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<td>Interest Expense</td>
<td>(29,980)</td>
<td>(21,173)</td>
<td>(22,837)</td>
<td>(26,580)</td>
<td>(13,676)</td>
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<td>Other Nonoperating Items</td>
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<td>65,899</td>
<td>63,316</td>
<td>40,731</td>
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<td><strong>Net Nonoperating Revenues</strong></td>
<td>115,789</td>
<td>154,208</td>
<td>145,963</td>
<td>119,652</td>
<td>135,505</td>
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</table>

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

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</thead>
<tbody>
<tr>
<td>Capital and Debt Service Appropriations</td>
<td>9,932</td>
<td>8,069</td>
<td>6,422</td>
<td>7,639</td>
<td>5,685</td>
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<td>Capital Grants and Gifts</td>
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<td>33,174</td>
<td>89,873</td>
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<td>Additions to Permanent Endowments</td>
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<td>Contribution to (Distribution of) Capital Assets</td>
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<td>Transfers within OUS</td>
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<td>58</td>
<td>8,867</td>
<td>4,531</td>
<td>(4,036)</td>
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<tr>
<td><strong>Total Other Nonoperating Revenues</strong></td>
<td>21,529</td>
<td>41,301</td>
<td>105,162</td>
<td>32,072</td>
<td>16,039</td>
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### NET ASSETS, BEGINNING OF YEAR

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</thead>
<tbody>
<tr>
<td>Increase (Decrease) In Net Assets</td>
<td>33,140</td>
<td>91,441</td>
<td>108,232</td>
<td>1,534</td>
<td>647</td>
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<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$658,240</td>
<td>$625,100</td>
<td>$533,659</td>
<td>$425,427</td>
<td>$425,246</td>
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</table>
### University of Oregon

(Dollar amounts in thousands)

#### Current Ratio:

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</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>261,518</td>
<td>242,741</td>
<td>189,240</td>
<td>148,551</td>
<td>145,580</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>120,602</td>
<td>2.2</td>
<td>127,287</td>
<td>1.9</td>
<td>96,801</td>
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#### Contribution Ratio:

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</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>324,442</td>
<td>44%</td>
<td>285,187</td>
<td>42%</td>
<td>243,054</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>119,198</td>
<td>16%</td>
<td>118,048</td>
<td>17%</td>
<td>95,076</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>132,949</td>
<td>18%</td>
<td>126,616</td>
<td>19%</td>
<td>114,371</td>
</tr>
<tr>
<td>Other (A)</td>
<td>24,899</td>
<td>3%</td>
<td>26,207</td>
<td>4%</td>
<td>25,585</td>
</tr>
</tbody>
</table>

Self Generated Revenues

|                | 601,488    | 100%       | 566,481    | 100%       | 634,718    | 100%       | 610,933    | 100%       | 553,694    | 100%       |

#### Nonoperating Revenue (B)

|                | 100,959    | 14%        | 108,853    | 16%        | 102,006    | 16%        | 73,111     | 12%        | 73,758     | 13%        |

### (Contribution to) Use of Fund Balance

|                | 11,611     | -2%        | (50,140)   | -7%        | (3,070)    | 0%         | 30,538     | 5%         | 15,392     | 3%         |

Total Adjusted Expenses (C)

|                | 735,046    | 100%       | 681,299    | 100%       | 644,718    | 100%       | 610,933    | 100%       | 553,694    | 100%       |

#### Percentage of Total Expenditures used for Core Services:

| Core Services Expenditures (1) | 345,018    | 58.9%      | 543,883    | 59.9%      | 502,727    | 58.7%      | 491,174    | 56.6%      | 441,707    | 59.8%      |
| Total Adjusted Expenses, Net (4) | 586,019    | 58.9%      | 586,019    | 58.9%      | 502,727    | 58.7%      | 491,174    | 56.6%      | 441,707    | 59.8%      |

#### Percentage of Total Expenditures used for Support Services and Student Aid:

| Support Svcs and Student Aid Exp (2) | 89,486     | 15.3%      | 543,883    | 15.5%      | 502,727    | 16.1%      | 491,174    | 16.2%      | 441,707    | 15.9%      |
| Total Adjusted Expenses, Net (4) | 586,019    | 15.3%      | 586,019    | 15.3%      | 502,727    | 16.1%      | 491,174    | 16.2%      | 441,707    | 15.9%      |

#### Percentage of Total Expenditures used for Administration and Physical Plant:

| Administration and Physical Plant (3) | 89,486     | 15.3%      | 543,883    | 15.5%      | 502,727    | 16.1%      | 491,174    | 16.2%      | 441,707    | 15.9%      |
| Total Adjusted Expenses, Net (4) | 586,019    | 15.3%      | 586,019    | 15.3%      | 502,727    | 16.1%      | 491,174    | 16.2%      | 441,707    | 15.9%      |

#### Primary Reserve Ratio:

| Expendable Net Assets (5) | 157,972    | 21.5%      | 147,595    | 21.7%      | 114,539    | 17.8%      | 101,850    | 15.0%      | 122,229    | 14.9%      |
| Total Adjusted Expenses (C) | 735,046    | 100%       | 681,299    | 100%       | 644,718    | 100%       | 610,933    | 100%       | 553,694    | 100%       |

#### Debt Burden Ratio (6):

| Principal and Interest Paid | 36,808     | 5.5%       | 693,973    | 9.9%       | 650,505    | 9.4%       | 613,058    | 9.7%       | 561,030    | 8.7%       |
| Total Adjusted Expenses (7) | 739,198    | 5.5%       | 693,973    | 9.9%       | 650,505    | 9.4%       | 613,058    | 9.7%       | 561,030    | 8.7%       |

#### Long-Term Liabilities:

<table>
<thead>
<tr>
<th>Fiscal Year 2012</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Debt Service</td>
<td>Principal</td>
<td>Debt Service</td>
<td>Principal</td>
</tr>
<tr>
<td>XI-F(1)</td>
<td>221,092</td>
<td>14,874</td>
<td>233,688</td>
<td>14,874</td>
</tr>
<tr>
<td>Internal Bank Loans</td>
<td>263,700</td>
<td>18,214</td>
<td>272,827</td>
<td>19,018</td>
</tr>
<tr>
<td>XI-G</td>
<td>98,382</td>
<td>101,831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>XI-Q</td>
<td>16,496</td>
<td>292</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery</td>
<td>21,749</td>
<td>21,157</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COPS</td>
<td>6,772</td>
<td>2,228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SELP</td>
<td>25,640</td>
<td>1,102</td>
<td></td>
<td></td>
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<tr>
<td>Capital Leases</td>
<td>52,277</td>
<td>96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>654,362</td>
<td>$36,808</td>
<td>$656,481</td>
<td>$36,938</td>
</tr>
</tbody>
</table>
University of Oregon
OUS Peer Ratio Analysis
FY 2011

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student FTE (H)</td>
<td>23,222</td>
<td>34,241</td>
<td>26,658</td>
<td>28,915</td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>836</td>
<td>1,879</td>
<td>1,316</td>
<td>1,671</td>
</tr>
<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE) (H)</td>
<td>180</td>
<td>149</td>
<td>92</td>
<td>110</td>
</tr>
<tr>
<td>Faculty FTE</td>
<td>1,016</td>
<td>2,028</td>
<td>1,408</td>
<td>1,781</td>
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</table>

<table>
<thead>
<tr>
<th>Student FTE/Faculty FTE</th>
<th>22.9</th>
<th>18.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>1.9</td>
<td>2.3</td>
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</table>

<table>
<thead>
<tr>
<th>Contribution Ratio</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>$265,187</td>
<td>39%</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>118,048</td>
<td>16%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>126,616</td>
<td>17%</td>
</tr>
<tr>
<td>Other (A)</td>
<td>30,542</td>
<td>4%</td>
</tr>
<tr>
<td>Operating revenues</td>
<td>560,393</td>
<td>77%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>66,528</td>
<td>9%</td>
</tr>
<tr>
<td>Nonoperating Revenues (B)</td>
<td>100,058</td>
<td>14%</td>
</tr>
</tbody>
</table>

| Total revenues           | 726,979 | 100%  |

<table>
<thead>
<tr>
<th>Contribution to (Use of) Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees (net) per Student FTE</td>
</tr>
<tr>
<td>State Appropriation Funding per Std. FTE</td>
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<tr>
<td>Total Tuition/Fees/Approp. per Std. FTE</td>
</tr>
<tr>
<td>Grants and Contracts per F-T Faculty</td>
</tr>
<tr>
<td>Instruction Expenses</td>
</tr>
<tr>
<td>Instruction cost per Student FTE</td>
</tr>
<tr>
<td>Research Expenses</td>
</tr>
<tr>
<td>Research cost per F-T Faculty</td>
</tr>
<tr>
<td>Academic Support Expenses</td>
</tr>
<tr>
<td>Academic Support per Faculty FTE</td>
</tr>
<tr>
<td>Student Services Expenses</td>
</tr>
<tr>
<td>Student Services per Student FTE</td>
</tr>
<tr>
<td>Student Aid Expenses</td>
</tr>
<tr>
<td>Student Aid per Student FTE</td>
</tr>
<tr>
<td>Total Administration and Physical Plant (C)</td>
</tr>
<tr>
<td>Total Adjusted Expenses-net (D)</td>
</tr>
<tr>
<td>As a % of Total Adjusted Expenses-net</td>
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</table>

<table>
<thead>
<tr>
<th>Primary Reserve Ratio</th>
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<tbody>
<tr>
<td>Expendable Net Assets (E)</td>
</tr>
<tr>
<td>Total Adjusted Expenses (F)</td>
</tr>
<tr>
<td>Primary Reserve Ratio</td>
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</table>

<table>
<thead>
<tr>
<th>Debt Burden Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Service</td>
</tr>
<tr>
<td>Total Adjusted Expenses (G)</td>
</tr>
<tr>
<td>Debt Burden Ratio</td>
</tr>
</tbody>
</table>

(A) Education Department Sales and Services, Other Operating Revenues.
(B) Federal Appropriations, Investment Activities, Nonoperating Grants including Financial Aid and Other Nonoperating Items including Gifts, Excludes Hospital Revenues, Capital Gifts and Capital Grants.
(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.
(D) Total Adjusted Expenses less Auxiliary Enterprises expenses.
(F) Operating Expenses and Interest Expense.
(G) Operating Expenses and Interest Expense and Principal less Depreciation Expense.

(Source: Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.)
### University of Oregon
#### Annual FTE Summary: 1996-97 to 2025-26

<table>
<thead>
<tr>
<th></th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual FTE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996-97</td>
<td>17,598</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997-98</td>
<td>17,625</td>
<td>0.2%</td>
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</tr>
<tr>
<td>1998-99</td>
<td>17,228</td>
<td>-2.3%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>1999-00</td>
<td>17,182</td>
<td>-0.3%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>2000-01</td>
<td>17,839</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2001-02</td>
<td>19,284</td>
<td>8.1%</td>
<td>12.2%</td>
</tr>
<tr>
<td>2002-03</td>
<td>20,334</td>
<td>5.4%</td>
<td>14.0%</td>
</tr>
<tr>
<td>2003-04</td>
<td>20,481</td>
<td>0.7%</td>
<td>6.2%</td>
</tr>
<tr>
<td>2004-05</td>
<td>20,862</td>
<td>1.9%</td>
<td>2.6%</td>
</tr>
<tr>
<td>2005-06</td>
<td>20,695</td>
<td>-0.8%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2006-07</td>
<td>20,421</td>
<td>-1.3%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>2007-08</td>
<td>20,361</td>
<td>-0.3%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>2008-09</td>
<td>21,679</td>
<td>6.5%</td>
<td>6.2%</td>
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<tr>
<td>2009-10</td>
<td>22,635</td>
<td>4.4%</td>
<td>11.2%</td>
</tr>
<tr>
<td>2010-11</td>
<td>23,716</td>
<td>4.8%</td>
<td>9.4%</td>
</tr>
<tr>
<td>2011-12</td>
<td>24,543</td>
<td>3.5%</td>
<td>8.4%</td>
</tr>
<tr>
<td><strong>Projected FTE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>24,995</td>
<td>1.8%</td>
<td>5.4%</td>
</tr>
<tr>
<td>2013-14</td>
<td>25,270</td>
<td>1.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2014-15</td>
<td>25,476</td>
<td>0.8%</td>
<td>1.9%</td>
</tr>
<tr>
<td>2015-16</td>
<td>25,504</td>
<td>0.1%</td>
<td>0.9%</td>
</tr>
<tr>
<td>2016-17</td>
<td>25,722</td>
<td>0.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2017-18</td>
<td>25,930</td>
<td>0.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2018-19</td>
<td>26,151</td>
<td>0.9%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2019-20</td>
<td>26,355</td>
<td>0.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2020-21</td>
<td>26,439</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>2021-22</td>
<td>26,659</td>
<td>0.8%</td>
<td>1.2%</td>
</tr>
<tr>
<td>2022-23</td>
<td>26,837</td>
<td>0.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2023-24</td>
<td>27,056</td>
<td>0.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>2024-25</td>
<td>27,772</td>
<td>2.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2025-26</td>
<td>28,429</td>
<td>2.4%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>
Western Oregon University
CONSOLIDATING STATEMENT OF NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$24,772</td>
<td>$26,118</td>
<td>$21,514</td>
<td>$16,714</td>
<td>$17,026</td>
</tr>
<tr>
<td>Short-Term Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collateral from Securities Lending</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts Receivable, Net</td>
<td>7,113</td>
<td>6,987</td>
<td>7,312</td>
<td>5,981</td>
<td>5,969</td>
</tr>
<tr>
<td>Notes Receivable, Net</td>
<td>842</td>
<td>766</td>
<td>774</td>
<td>750</td>
<td>705</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,013</td>
<td>1,045</td>
<td>1,053</td>
<td>981</td>
<td>930</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>246</td>
<td>220</td>
<td>182</td>
<td>195</td>
<td>188</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>33,986</td>
<td>35,136</td>
<td>30,835</td>
<td>24,621</td>
<td>24,818</td>
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<tr>
<td><strong>Noncurrent Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>7,610</td>
<td>11,797</td>
<td>30,208</td>
<td>31,006</td>
<td>5,958</td>
</tr>
<tr>
<td>Investments</td>
<td>64</td>
<td>66</td>
<td>57</td>
<td>52</td>
<td>67</td>
</tr>
<tr>
<td>Notes Receivable, Net</td>
<td>3,121</td>
<td>3,443</td>
<td>3,478</td>
<td>3,368</td>
<td>3,167</td>
</tr>
<tr>
<td>Due From Other OUS Funds and Entities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>49</td>
</tr>
<tr>
<td>Capital Assets, Net of Accumulated Depreciation</td>
<td>102,197</td>
<td>99,959</td>
<td>73,440</td>
<td>51,249</td>
<td>49,250</td>
</tr>
<tr>
<td><strong>Total Noncurrent Assets</strong></td>
<td>112,992</td>
<td>115,265</td>
<td>107,183</td>
<td>85,675</td>
<td>58,491</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$146,978</td>
<td>$150,401</td>
<td>$138,018</td>
<td>$110,296</td>
<td>$83,309</td>
</tr>
</tbody>
</table>

| **LIABILITIES**               |       |       |       |       |       |
| **Current Liabilities**       |       |       |       |       |       |
| Accounts Payable and Accrued Liabilities | $5,885 | $6,808 | $10,385 | $4,468 | $4,828 |
| Deposits                      | 944   | 1,070 | 949   | 854   | 783   |
| Obligations Under Securities Lending | -     | -     | -     | -     | -     |
| Current Portion of Long-Term Liabilities | 2,105 | 2,024 | 1,753 | 1,718 | 1,299 |
| Deferred Revenue              | 2,607 | 2,558 | 2,117 | 1,827 | 1,545 |
| **Total Current Liabilities** | 11,541 | 12,460 | 15,204 | 8,867 | 8,455 |
| **Noncurrent Liabilities**    |       |       |       |       |       |
| Long-Term Liabilities         | 46,881 | 48,822 | 39,333 | 68,768 | 41,984 |
| Due to Other OUS Funds and Entities | 49,326 | 49,432 | 45,818 | -     | 62    |
| **Total Noncurrent Liabilities** | 96,207 | 98,254 | 85,151 | 68,768 | 42,046 |
| **TOTAL LIABILITIES**         | $107,748 | $110,714 | $100,355 | $77,635 | $50,501 |

| **NET ASSETS**                |       |       |       |       |       |
| Invested in Capital Assets, Net of Related Debt | $9,642 | $11,766 | $10,958 | $11,600 | $10,715 |
| Restricted For:               |       |       |       |       |       |
| Nonexpendable Endowments      | 2     | 2     | 2     | 2     | 2     |
| Expendable:                   |       |       |       |       |       |
| Gifts, Grants, and Contracts | 892   | 1,153 | 1,341 | 654   | 1,041 |
| Student Loans                 | 6,122 | 6,297 | 6,196 | 6,074 | 5,654 |
| Capital Projects              | 3,970 | 755   | 2,792 | 1,603 | 2,072 |
| Debt Service                  | 64    | 56    | 30    | 81    | 110   |
| Unrestricted Net Assets       | 18,538 | 19,658 | 16,344 | 12,647 | 13,214 |
| **TOTAL NET ASSETS**          | $39,230 | $39,687 | $37,663 | $32,661 | $32,808 |

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.
Western Oregon University
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For The Year Ended June 30, (in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Tuition and Fees, Net</td>
<td>$29,920</td>
<td>$28,665</td>
<td>$25,558</td>
<td>$23,515</td>
<td>$21,606</td>
</tr>
<tr>
<td>Federal Grants and Contracts</td>
<td>8,975</td>
<td>8,808</td>
<td>9,674</td>
<td>9,197</td>
<td>8,876</td>
</tr>
<tr>
<td>State and Local Grants and Contracts</td>
<td>1,193</td>
<td>2,067</td>
<td>1,774</td>
<td>1,804</td>
<td>2,036</td>
</tr>
<tr>
<td>Nongovernmental Grants and Contracts</td>
<td>124</td>
<td>(54)</td>
<td>382</td>
<td>466</td>
<td>506</td>
</tr>
<tr>
<td>Educational Department Sales and Services</td>
<td>649</td>
<td>668</td>
<td>962</td>
<td>834</td>
<td>979</td>
</tr>
<tr>
<td>Auxiliary Enterprise Revenues, Net</td>
<td>21,397</td>
<td>19,952</td>
<td>17,119</td>
<td>16,080</td>
<td>15,549</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>1,827</td>
<td>1,648</td>
<td>1,274</td>
<td>1,444</td>
<td>3,357</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>64,085</td>
<td>61,754</td>
<td>56,743</td>
<td>53,340</td>
<td>52,909</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Instruction</td>
<td>32,967</td>
<td>31,484</td>
<td>27,066</td>
<td>26,560</td>
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<td>Research</td>
<td>2,664</td>
<td>3,538</td>
<td>7,615</td>
<td>7,502</td>
<td>7,116</td>
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<td>Public Service</td>
<td>553</td>
<td>435</td>
<td>297</td>
<td>461</td>
<td>474</td>
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<tr>
<td>Academic Support</td>
<td>6,902</td>
<td>7,152</td>
<td>6,807</td>
<td>6,412</td>
<td>5,666</td>
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<tr>
<td>Student Services</td>
<td>5,964</td>
<td>5,858</td>
<td>5,393</td>
<td>5,295</td>
<td>4,665</td>
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<td>Auxiliary Programs</td>
<td>23,994</td>
<td>21,092</td>
<td>19,020</td>
<td>19,572</td>
<td>17,893</td>
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<td>Institutional Support</td>
<td>4,340</td>
<td>4,694</td>
<td>5,670</td>
<td>4,981</td>
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<tr>
<td>Operation and Maintenance of Plant</td>
<td>3,959</td>
<td>4,011</td>
<td>3,901</td>
<td>4,134</td>
<td>3,985</td>
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<td>Student Aid</td>
<td>7,236</td>
<td>6,395</td>
<td>6,379</td>
<td>5,307</td>
<td>4,235</td>
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<tr>
<td>Other Operating Expenses</td>
<td>5,520</td>
<td>5,801</td>
<td>3,740</td>
<td>3,519</td>
<td>6,661</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>94,099</td>
<td>90,460</td>
<td>84,885</td>
<td>84,432</td>
<td>80,117</td>
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<tr>
<td><strong>Operating Loss</strong></td>
<td>(30,014)</td>
<td>(28,706)</td>
<td>(28,142)</td>
<td>(31,092)</td>
<td>(27,208)</td>
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<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Appropriations</td>
<td>13,808</td>
<td>18,478</td>
<td>19,288</td>
<td>19,761</td>
<td>19,644</td>
</tr>
<tr>
<td>Grants</td>
<td>14,979</td>
<td>12,970</td>
<td>12,627</td>
<td>9,581</td>
<td>7,749</td>
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<tr>
<td>Investment Activity</td>
<td>263</td>
<td>101</td>
<td>65</td>
<td>173</td>
<td>349</td>
</tr>
<tr>
<td>Gain (Loss) on Sale/Disposal of Assets, Net</td>
<td>(130)</td>
<td>-</td>
<td>29</td>
<td>9</td>
<td>(458)</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(4,240)</td>
<td>(3,826)</td>
<td>(3,239)</td>
<td>(2,454)</td>
<td>(2,216)</td>
</tr>
<tr>
<td>Other Nonoperating Items</td>
<td>871</td>
<td>232</td>
<td>1,461</td>
<td>483</td>
<td>242</td>
</tr>
<tr>
<td><strong>Net Nonoperating Revenues</strong></td>
<td>25,551</td>
<td>27,955</td>
<td>30,231</td>
<td>27,553</td>
<td>25,310</td>
</tr>
<tr>
<td><strong>Income (Loss) Before Other Revenues, Expenses,</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gains or Losses</strong></td>
<td>(4,463)</td>
<td>(751)</td>
<td>2,089</td>
<td>(3,539)</td>
<td>(1,898)</td>
</tr>
<tr>
<td>Capital and Debt Service Appropriations</td>
<td>2,991</td>
<td>2,599</td>
<td>2,502</td>
<td>1,087</td>
<td>3,908</td>
</tr>
<tr>
<td>Capital Grants and Gifts</td>
<td>672</td>
<td>378</td>
<td>367</td>
<td>500</td>
<td>588</td>
</tr>
<tr>
<td>Additions to Permanent Endowments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to (Distribution of) Capital Assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers within OUS</td>
<td>343</td>
<td>(202)</td>
<td>44</td>
<td>1,805</td>
<td>504</td>
</tr>
<tr>
<td><strong>Total Other Nonoperating Revenues</strong></td>
<td>4,006</td>
<td>2,775</td>
<td>2,913</td>
<td>3,392</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Increase (Decrease) In Net Assets</strong></td>
<td>(457)</td>
<td>2,024</td>
<td>5,002</td>
<td>(147)</td>
<td>3,102</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>39,687</td>
<td>37,663</td>
<td>32,661</td>
<td>32,808</td>
<td>29,706</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$39,230</td>
<td>$39,687</td>
<td>$37,663</td>
<td>$32,661</td>
<td>$32,808</td>
</tr>
</tbody>
</table>

Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation
Fiscal year 2012 is not fully adjusted for financial reporting
### Western Oregon University

(Dollar amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>33,986</td>
<td>35,136</td>
<td>30,835</td>
<td>24,621</td>
<td>24,818</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>11,541</td>
<td>2.9</td>
<td>12,460</td>
<td>2.8</td>
<td>15,204</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>29,920</td>
<td>30%</td>
<td>28,665</td>
<td>30%</td>
<td>25,558</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>10,292</td>
<td>10%</td>
<td>10,621</td>
<td>11%</td>
<td>11,830</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>21,397</td>
<td>22%</td>
<td>19,952</td>
<td>21%</td>
<td>17,119</td>
</tr>
<tr>
<td>Other (A)</td>
<td>2,476</td>
<td>3%</td>
<td>2,316</td>
<td>2%</td>
<td>2,236</td>
</tr>
<tr>
<td>Self Generated Revenues</td>
<td>64,085</td>
<td>65%</td>
<td>61,754</td>
<td>65%</td>
<td>56,743</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>13,808</td>
<td>14%</td>
<td>18,478</td>
<td>20%</td>
<td>19,288</td>
</tr>
<tr>
<td>Nonoperating Revenue (B)</td>
<td>12,096</td>
<td>13%</td>
<td>13,934</td>
<td>14%</td>
<td>14,182</td>
</tr>
<tr>
<td>(Contribution to) Use of Fund Balance</td>
<td>4,463</td>
<td>5%</td>
<td>751</td>
<td>1%</td>
<td>(2,089)</td>
</tr>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>98,339</td>
<td>100%</td>
<td>94,286</td>
<td>100%</td>
<td>86,124</td>
</tr>
</tbody>
</table>

(A) Educational Department Sales and Services and Other Operating Revenues
(B) Federal Appropriations, Investment Activities, Other Nonoperating Items
(C) Total Adjusted Expenses: Operating Expenses and Interest Expense

### Percentage of Total Expenditures used for Core Services:

<table>
<thead>
<tr>
<th>Core Services Expenditures (1)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>74,345</td>
<td>48.7%</td>
<td>73,194</td>
<td>48.4%</td>
<td>69,104</td>
</tr>
</tbody>
</table>

1. Core Services Expenditures: Instruction, Research, Public Service

### Percentage of Total Expenditures used for Support Services and Student Aid:

<table>
<thead>
<tr>
<th>Support Svcs and Student Aid Exp (2)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>74,345</td>
<td>27.0%</td>
<td>73,194</td>
<td>26.5%</td>
<td>69,104</td>
</tr>
</tbody>
</table>

2. Support Services and Student Aid: Academic Support, Student Services, and Student Aid

### Percentage of Total Expenditures used for Administration and Physical Plant:

<table>
<thead>
<tr>
<th>Administration and Physical Plant (3)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses, Net (4)</td>
<td>74,345</td>
<td>11.2%</td>
<td>73,194</td>
<td>11.9%</td>
<td>69,104</td>
</tr>
</tbody>
</table>

3. Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant

### Primary Reserve Ratio:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses (C)</td>
<td>98,339</td>
<td>26.0%</td>
<td>94,286</td>
<td>28.8%</td>
<td>86,124</td>
</tr>
</tbody>
</table>


### Debt Burden Ratio (6):

<table>
<thead>
<tr>
<th>Principal and Interest Paid</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adjusted Expenses (7)</td>
<td>95,429</td>
<td>5.2%</td>
<td>91,613</td>
<td>4.9%</td>
<td>85,183</td>
</tr>
</tbody>
</table>

6. This is a simplified calculation that does not incorporate adjustments necessary to recognize the affect of the Student Building Fund pool or Consolidated Dormitory debt pool.

### Long-Term Liabilities:

<table>
<thead>
<tr>
<th>Fiscal Year 2012</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>Debt Service</td>
<td>Principal</td>
<td>Debt Service</td>
<td>Principal</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>XI-F(1)</td>
<td>10,545</td>
<td>931</td>
<td>13,338</td>
<td>698</td>
</tr>
<tr>
<td>Internal Bank Loans</td>
<td>49,254</td>
<td>3,656</td>
<td>49,433</td>
<td>3,538</td>
</tr>
<tr>
<td>XI-Q</td>
<td>1,076</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lottery</td>
<td>4,309</td>
<td>4,183</td>
<td>4,277</td>
<td>4,322</td>
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<tr>
<td>COPS</td>
<td>11,582</td>
<td>11,110</td>
<td>11,954</td>
<td>12,278</td>
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<tr>
<td>SELP</td>
<td>5,064</td>
<td>578</td>
<td>578</td>
<td>578</td>
</tr>
<tr>
<td>Capital Leases</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>94,589</td>
<td>4,606</td>
<td>92,013</td>
<td>4,244</td>
</tr>
</tbody>
</table>

(1) This may be revised for future presentations.
(2) Total Expenditures: Operating Expenses and Interest Paid less Depreciation Expense

Western Oregon University
OUS Peer Ratio Analysis
FY 2011

(Dollars in thousands unless noted otherwise)

<table>
<thead>
<tr>
<th>Available Peer Group</th>
<th>WOU</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student FTE (H)</td>
<td>5,211</td>
<td>7,801</td>
</tr>
<tr>
<td>Full-time Faculty (H)</td>
<td>190</td>
<td>308</td>
</tr>
<tr>
<td>Part-time Faculty (divided by 3 to convert to FTE) (H)</td>
<td>75</td>
<td>33</td>
</tr>
<tr>
<td>Faculty FTE</td>
<td>265</td>
<td>341</td>
</tr>
<tr>
<td>Student FTE/Faculty FTE</td>
<td>19.7</td>
<td>23.1</td>
</tr>
</tbody>
</table>

Current Ratio
2.8 2.6

Contribution Ratio

<table>
<thead>
<tr>
<th>Students Tuition and Fees</th>
<th>$ 28,665</th>
<th>31%</th>
<th>$ 43,331</th>
<th>32%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Contracts</td>
<td>10,821</td>
<td>12%</td>
<td>9,027</td>
<td>7%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>19,952</td>
<td>21%</td>
<td>16,267</td>
<td>12%</td>
</tr>
<tr>
<td>Other (A)</td>
<td>2,316</td>
<td>2%</td>
<td>5,555</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Operating revenues</strong></td>
<td>61,754</td>
<td>66%</td>
<td>74,181</td>
<td>55%</td>
</tr>
<tr>
<td><strong>State Appropriations</strong></td>
<td>18,478</td>
<td>20%</td>
<td>38,646</td>
<td>29%</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (B)</strong></td>
<td>13,303</td>
<td>14%</td>
<td>21,464</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>93,535</td>
<td>100%</td>
<td>134,290</td>
<td>100%</td>
</tr>
</tbody>
</table>

Contribution to (Use of) Fund Balance
(751) -1% | 4,670 | 4% | 5,524 | 4% | 12,086 | 11% | 11,645 | 7% | 1,606 | 1% | (3,231) | -4% | 1,591 | 1%

Tuition and Fees (net) per Student FTE
$ 5,501 | $ 5,476 | 4% | $ 4,132 | 4% | $ 4,900 | 5% | $ 6,698 | 7% | $ 4,112 | 5% | $ 6,636 | 6% | $ 6,377 |

State Appropriation Funding per Std. FTE
$ 3,546 | $ 5,069 | 4% | $ 8,444 | 4% | $ 4,381 | 5% | $ 4,925 | 6% | $ 4,187 | 7% | $ 4,964 | 8% | $ 3,913 |

Grants and Contracts per F-T Faculty
$ 56,953 | $ 10,545 | 20% | $ 12,576 | 20% | $ 9,261 | 18% | $ 11,623 | 20% | $ 8,296 | 17% | $ 11,200 | 22% | $ 10,290 |

Instruction Expenses
$ 31,484 | $ 38,623 | 4% | $ 41,618 | 4% | $ 33,335 | 4% | $ 46,329 | 5% | $ 22,836 | 5% | $ 26,942 | 6% | $ 60,676 |

Research Expenses
$ 3,538 | $ 653 | 5% | $ 1,423 | 2% | $ 284 | 4% | $ 634 | 1% | $ 121 | 1% | $ 295 | 1% | $ 1,164 |

Research cost per F-T Faculty
$ 18,621 | $ 2,079 | 11% | $ 5,371 | 15% | $ 965 | 14% | $ 1,543 | 24% | $ 522 | 13% | $ 1,234 | 30% | $ 2,840 |

Academic Support Expenses
$ 7,152 | $ 10,959 | 7% | $ 14,001 | 14% | $ 12,931 | 12% | $ 11,224 | 11% | $ 7,973 | 8% | $ 10,665 |

Academic Support per Faculty FTE
$ 26,989 | $ 33,423 | 8% | $ 43,213 | 13% | $ 41,579 | 12% | $ 27,310 | 19% | $ 38,624 | 24% | $ 27,683 | 22% | $ 22,127 |

Student Services Expenses
$ 5,858 | $ 10,766 | 4% | $ 13,091 | 4% | $ 8,666 | 5% | $ 13,481 | 7% | $ 10,788 | 6% | $ 5,025 | 6% | $ 13,544 |

Student Services per Student FTE
$ 1,114 | $ 1,385 | 11% | $ 1,933 | 19% | $ 1,112 | 11% | $ 1,204 | 11% | $ 1,123 | 11% | $ 7,732 | 11% | $ 1,606 |

Student Aid Expenses
$ 6,395 | $ 16,498 | 4% | $ 19,164 | 4% | $ 10,851 | 4% | $ 37,997 | 4% | $ 10,227 | 4% | $ 399 | 4% | $ 20,348 |

Student Aid per Student FTE
$ 1,227 | $ 1,942 | 11% | $ 2,826 | 11% | $ 1,392 | 11% | $ 4,083 | 11% | $ 1,454 | 11% | $ 86 | 1% | $ 1,809 |

Total Funding used for Administration and Physical Plant

| Total Administration and Physical Plant (C) | $ 8,705 | $ 23,206 |
| Total Adjusted Expenses-net (D) | $ 73,194 | $ 113,031 |
| **As a % of Total Adjusted Expenses-net** | 20.6% | 20.6% | 19.0% | 19.0% | 15.3% | 15.3% | 16.3% | 16.3% | 28.6% | 28.6% | 21.9% | 21.9% | 22.5% |

Primary Reserve Ratio

| Expendable Net Assets (E) | $ 27,164 | $ 40,372 |
| Total Adjusted Expenses (F) | $ 94,286 | $ 129,420 |
| **Primary Reserve Ratio** | 28.8% | 29.4% | 19.4% | 19.4% | 46.2% | 46.2% | 36.6% | 36.6% | 30.2% | 30.2% | 2.8% | 2.8% | 41.5% |

Debt Burden Ratio

| Debt Service | $ 4,244 | $ 3,912 |
| Total Adjusted Expenses (G) | $ 90,872 | $ 124,421 |
| **Debt Burden Ratio** | 4.7% | 3.1% | 3.2% | 3.2% | 0.5% | 0.5% | 6.0% | 6.0% | 2.0% | 2.0% | 4.8% | 4.8% | 1.9% |

(A) Education Department Sales and Services, Other Operating Revenues.
(B) Federal Appropriations, Investment Activities, Nonoperating Grants including Financial Aid and Other Nonoperating Items including Gifts. Excludes Hospital Revenues, Capital Gifts and Capital Grants.
(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.
(D) Total Adjusted Expenses less Auxiliary Enterprises expenses.
(F) Operating Expenses and Interest Expense and Principal less Depreciation Expense.
(G) Source: IPEDS.

(SOURCE: Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.)

Finance & Administration Committee
Page A39
Oregon State Board of Higher Education
Annual Financial Analysis
<table>
<thead>
<tr>
<th>Year</th>
<th>Actual FTE</th>
<th>WOU</th>
<th>one-year growth</th>
<th>two-year growth</th>
<th>five-year growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>3,840</td>
<td>3,943</td>
<td>2.7%</td>
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<td></td>
</tr>
<tr>
<td>1997-98</td>
<td>3,897</td>
<td>3,943</td>
<td>-1.2%</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>1998-99</td>
<td>4,096</td>
<td>4,234</td>
<td>5.1%</td>
<td>3.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>2000-01</td>
<td>4,526</td>
<td>4,571</td>
<td>6.9%</td>
<td>10.5%</td>
<td>17.9%</td>
</tr>
<tr>
<td>2001-02</td>
<td>4,497</td>
<td>4,571</td>
<td>-0.6%</td>
<td>6.2%</td>
<td>14.1%</td>
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Chancellor’s Office
CONSOLIDATING STATEMENT OF NET ASSETS

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<td>853,416</td>
<td>949,596</td>
<td>39,495</td>
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Fiscal years 2011 and prior reflect certain reclassifications to conform to the fiscal year 2012 presentation.
Fiscal Year 2012 is not fully adjusted for financial reporting.

(1) Invested in Capital Assets includes the current portion of prepaid debt from institutions, related cash is offset in Debt Service.
(2) Negative balance is the result of a timing issue between receipts and payments for agency funds (PEBB subsidy).
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<td>70,479</td>
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<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$ 42,874</td>
<td>$ 32,616</td>
<td>$ 39,297</td>
<td>$ 48,259</td>
<td>$ 71,325</td>
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## Appendix A

### Oregon University System

#### Peer Institutions' Financial Statements

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<th>Peer University</th>
<th>Notes</th>
<th>FY11</th>
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<td>U. of Arizona</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OSU</td>
<td>U. of California - Davis</td>
<td>Includes hospital</td>
<td>Audited FS</td>
</tr>
<tr>
<td>OSU</td>
<td>Iowa State U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OSU</td>
<td>Purdue U. - Main Campus - West Lafayette</td>
<td>Purdue U. FS includes West Lafayette (also known as the Main Campus), Calumet, Fort Wayne, North Central and Statewide Technology.</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>OSU</td>
<td>North Carolina State U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OSU</td>
<td>Michigan State U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OSU</td>
<td>Colorado State U.</td>
<td>System FS (includes CSU Fort Collins and CSU Pueblo)</td>
<td>System - Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>U. of Illinois as Chicago</td>
<td>U. of Illinois FS includes Chicago, Urbana, Springfield. Separate statements for the Chicago campus are not prepared. Includes hospital.</td>
<td>System - Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>Indiana U. - Purdue U. - Indianapolis</td>
<td>Indiana University FS includes Bloomington, IUPUI, Richmond, Kokomo, Gary, SouthBend, and New Albany.</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>U. of Memphis</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>U. of Wisconsin - Milwaukee</td>
<td></td>
<td>Unaudited Internal FS</td>
</tr>
<tr>
<td>PSU</td>
<td>George Mason U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>San Diego State U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>Western Michigan U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>PSU</td>
<td>U. of Texas at Arlington</td>
<td>Part of UT System</td>
<td>Unaudited FS - no notes</td>
</tr>
<tr>
<td>PSU</td>
<td>U. of Toledo</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>UO</td>
<td>U. of Colorado at Boulder</td>
<td>Part of U. of Colorado System FS - (no separate audited FS)</td>
<td>Unaudited Internal FS</td>
</tr>
<tr>
<td>UO</td>
<td>U. of California - Santa Barbara</td>
<td>U. of California FS include several California institutions. No separate audited FS prepared. Includes hospital</td>
<td>Unaudited Internal FS and other schedules</td>
</tr>
<tr>
<td>UO</td>
<td>U. of Iowa</td>
<td>Includes hospital</td>
<td>Audited FS</td>
</tr>
<tr>
<td>UO</td>
<td>Indiana University - Bloomington</td>
<td>Indiana U. FS includes Bloomington, IUPUI, Richmond, Kokomo, Gary, SouthBend and New Albany.</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>UO</td>
<td>U. of Colorado at Chapel Hill</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>UO</td>
<td>U. of Washington - Seattle</td>
<td>U. of Washington FS includes Bothell and Tacoma but these represent approximately 10% of FTE and UW Medical Center. No separate statements prepared. Includes hospital</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>UO</td>
<td>U. of Michigan - Ann Arbor</td>
<td>U. of Michigan includes Ann Arbor, Dearborn, Flint and a hospital. Dearborn and Flint are approximately 14% of total state appropriations</td>
<td>Group Audited FS - plus Supplemental Schedules</td>
</tr>
<tr>
<td>UO</td>
<td>U. of Virginia</td>
<td>U. of Virginia includes Wise but is relatively small. Includes hospital.</td>
<td>Group Audited FS</td>
</tr>
</tbody>
</table>

**Shared Peer - Large Universities**

- SUNY at Buffalo: SUNY FS include several institutions. No separate statements prepared. Not available yet.

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**NOTE:** Shaded institutions have been used in the peer financial ratio analysis.
### Oregon University System
#### Peer Institutions’ Financial Statements

<table>
<thead>
<tr>
<th>OUS Peer List</th>
<th>Peer University</th>
<th>Notes</th>
<th>FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU, SOU, WOU</td>
<td>California State U. - Stanislaus</td>
<td></td>
<td>Unaudited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>Fort Hays State U. (KS)</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>U. of Michigan - Flint</td>
<td>U. of Michigan FS includes Ann Arbor, Dearborn, Flint and a hospital. Dearborn and Flint are approximately 14% of total state appropriations.</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>Southeast Missouri State U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>Plymouth State University (NH)</td>
<td>Part of the University System of New Hampshire</td>
<td>System - Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>SUNY College at Fredonia</td>
<td>SUNY FS include several institutions. No separate statements prepared.</td>
<td>not available yet</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>Southern Utah U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>University of Mary Washington (VA)</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>Eastern Washington U.</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>EOU, SOU, WOU</td>
<td>U. of Wisconsin - Parkside</td>
<td>Part of Univ. of Wisconsin System FS</td>
<td>Unaudited FS used in System Audit FS, no notes</td>
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<tr>
<td>OIT</td>
<td>Arkansas Tech</td>
<td></td>
<td>not available</td>
</tr>
<tr>
<td>OIT</td>
<td>Savannah State University</td>
<td>Part of the University System of Georgia FS (35 colleges and universities)</td>
<td>System - Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>Southern Polytechnic State U. (GA)</td>
<td>Part of the University System of Georgia FS (35 colleges and universities)</td>
<td>Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>Idaho State University</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>Indiana University - Northwest</td>
<td>Part of Indiana University System</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>Louisiana Tech University</td>
<td>Part of Louisiana University System</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>University of Louisiana - Monroe</td>
<td>Part of Louisiana University System</td>
<td>Group Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>SUNY Technology at Utica-Rome</td>
<td>SUNY FS include several institutions. No separate statements prepared.</td>
<td>not available</td>
</tr>
<tr>
<td>OIT</td>
<td>Southwestern Oklahoma State University</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>Midwestern State University</td>
<td></td>
<td>Unaudited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>University of Pittsburgh-Bradford</td>
<td>Part of Pittsburg System</td>
<td>not available</td>
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<tr>
<td>OIT</td>
<td>Eastern Washington University</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>West Liberty State</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>University of Wisconsin-Platteville</td>
<td>Part of Wisconsin System</td>
<td>not available</td>
</tr>
<tr>
<td>OIT</td>
<td>Weber State U. (UT)</td>
<td></td>
<td>Audited FS</td>
</tr>
<tr>
<td>OIT</td>
<td>West Virginia U. Institute of Tech.</td>
<td>Regional campus of West Virginia University - WVU Inst. Of Tech. is supported heavily by WVU. Separate statements not available</td>
<td>Group Audited FS</td>
</tr>
</tbody>
</table>

**NOTE:** Shaded institutions have been used in the peer financial ratio analysis.

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Oregon State Board of Higher Education  
Finance & Administration Committee  
Page A44  
Annual Financial Analysis
EDUCATION FUNDING TEAM: SUMMARY
RECOMMENDATIONS TO THE GOVERNOR

OCTOBER 4, 2012
The Charge
The Governor charged the Education Funding Team (EFT) to recommend to him a prioritized list, from top to bottom, of investments that the state could make in education. The items comprising the EFT’s menu of potential investments were derived from Agency Request Budgets (reflecting historic as well as newly-proposed activities) as well as new initiatives proposed by the Chief Education Officer and others. Budget analysts had previously determined that each item on the list fit more closely with the education program funding team than one of the other four teams advising the Governor.

In making its recommendations, the EFT was asked to consider the following criteria: (a) contributes to outcomes; (b) program effectiveness; (c) collaboration; (d) diversity and inclusion; (e) data can justify outcomes. The EFT was encouraged to make recommendations for the redesign of programs and funding strategies consistent with priorities of the OEIB and the Chief Education Officer.

This report is a summary of the EFT’s key recommendations for budget priorities and redesign.

Funding Team Recommendations – Overview
The Legislature, the Governor, and the OEIB have adopted goals for student achievement that are extraordinarily ambitious. Moreover, the EFT recognizes that the ambitiousness of these goals have not been matched with corresponding levels of state investment. Oregon’s short- and medium-term budgeting challenge – a challenge upon which tomorrow’s economic prosperity and civic well-being depends – is to use limited resources to achieve goals that will ultimately require significantly higher levels of investment. In this context, the EFT believes that the 2013-15 budget must help transform and improve the delivery of education and, in so doing, will create a roadmap for increasing resources for education over the longer term. For this reason, the EFT places the highest priority on investments that are designed to change and improve how education is delivered to the students of Oregon.

Any budget that purports to affect the delivery of education in order to improve student outcomes has multiple assumptions embedded within it: what those optimal outcomes are, who they are for, what conditions will produce them, and what are appropriate roles for the state and other organizations to play. The attached Results Map, guided by the Oregon Education Investment Board and further developed by the EFT based on its familiarity with educational research and practical experience, attempts to lay those assumptions bare.

The EFT inherits and reaffirms the OEIB’s commitment to recommending budgets and policies that promote core outcomes along the continuum with no achievement gaps. This means, for example, that in addition to raising achievement levels for all, the budget must express in concrete terms how to reverse a historic pattern where students of color, lower-income students, and students whose native
language isn’t English find themselves at a perpetual disadvantage. In a state that is growing increasingly diverse – one where by 2050 more than 50% of the workforce will be people of color – Oregon’s ambitious goals cannot be achieved without significantly improving results for those students. For our system to massively reduce, rather than distort, variability in educational outcomes requires significantly changing the priorities and incentives that our budget establishes.

The EFT concluded that to meet the state’s outcomes goals requires creating the following community-level conditions (see results map for more detail):

- Education institutions must be learner-centered.
- Educators must be supported to be effective.
- Families and learners must be supported.
- Variety and innovation must be encouraged.
- A culture of ongoing learning must be fostered.

**Categories of State Investment**

The EFT concluded that the state’s investments in education could be understood as belonging to one of five categories. Broadly, the EFT proposes that they should be prioritized as follows:

(a) Debt Service. Payments the state is obligated to make in order to service education-related debt that it has previously incurred.

(b) “Strategic Investments.” Funding that the state allocates in order to achieve particular, high-leverage processes and outcomes. These investments should represent a small percentage of the overall state investment for education, but are preconditions to large-scale, enduring system improvement. Without them, we should not believe that the education system in 2015 will serve students any more effectively today than in the future. These are two to six-year investments.

(c) “Formula Funding.” Funding that the state allocates on a formula basis to non-state education entities including early learning centers and childcare providers, K-12 school districts and ESDs, community colleges, and universities. Through these allocations, the state provides the base funding that education entities use for core instruction and operations. However, these formulas are not neutral. The fiscal incentives embedded within them must be examined and revised in order to align with the outcomes the state seeks.

(d) “State Infrastructure.” State-run personnel and programs that are intended to support and improve the education of Oregonians. Funds in this category are not generally used to educate Oregon students directly.

(e) “Other Programs.” Programs that did not evidently fit in one of the categories above.
1. P-20 Strategic Investments

The EFT recommends that the budget prioritize four sizable strategic investments, to be guided by the Chief Education Officer, that will generate targeted activities and outcomes across the P-20 system. It prioritized them in the order that they are described below, and it identified a number of agency proposals for new initiatives that, subject to the availability of funds, should be incorporated into these P-20 initiatives.

<table>
<thead>
<tr>
<th>Strategic Investment #1: Developing a Representative Corps of Professional Educators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Launch of Regional “Student Achievement Centers”</strong></td>
</tr>
<tr>
<td>In order to transform Oregon’s system into the world-class leader in education necessary to reach the 40-40-20 Goal, the state must prioritize the recruitment, advancement, support and professionalization of educators, beginning with those working with our youngest students. This corps of professional educators must represent the population of Oregon, which requires a substantial increase in the number of educators of color. This biennium, Oregon should invest in 4-6 regional centers, keenly focused on promoting excellence in teaching and learning for teachers, faculty, childcare and other early education professionals, leaders and instructional support personnel at all levels (pre-K, K-12, post-secondary). These “Student Achievement Centers” will serve as arms of the state education enterprise and be linked with schools of education, Community-Based Early Learning Hubs and Coordinated Care Organizations. Centers will leverage technology – creating and using 21st century modes of delivery to achieve opportunity, efficiency and effectiveness. The centers will be highly accountable for supporting great instruction that results in the improvement of student outcomes across the P-20 continuum.</td>
</tr>
<tr>
<td><strong>Goals:</strong></td>
</tr>
<tr>
<td>- Create a strong and diverse pipeline of teachers, faculty, early educators, and instructional leaders to positively impact teaching and learning processes.</td>
</tr>
<tr>
<td>- Create a culture of continuous learning, scholarship and mentoring/support between and among educators across the continuum (schools of education, early learning providers, educators at the K12 level, faculty).</td>
</tr>
<tr>
<td>- Ensure that institutions and districts are continuously improving by disseminating best practices and providing technical assistance.</td>
</tr>
<tr>
<td><strong>Activities:</strong></td>
</tr>
<tr>
<td>- Support educators in developing and implementing meaningful, rigorous curriculum and assessments that promote college and career readiness and are aligned across the P-20 system.</td>
</tr>
<tr>
<td>- Provide collaborative, relevant professional development opportunities for all educators and instructional support personnel</td>
</tr>
<tr>
<td>- Provide mentorship and support for new teachers and leaders (Oregon Mentoring Program)</td>
</tr>
<tr>
<td>- Coordinate and incentivize professional development and training among early learning professionals and primary grade teachers</td>
</tr>
<tr>
<td>- Partner with colleges and universities to support innovative practices in educator preparation programs and significantly strengthen clinical experiences for PK-12</td>
</tr>
</tbody>
</table>
candidates
  - Support collaborative programs aimed at developing new career pathways and compensation models for educators (e.g. CLASS, Oregon Center for Career Development in Childhood Care and Education, and school district collaboration grants)

  - Assist K-12 districts in implementing and sustaining systems for ongoing, meaningful performance evaluation that lead to continuous improvement for educators

  - Research, develop and disseminate best practices and models

OUTCOMES:

- By June 2015, increase the number of education professionals (PK-12) who are non-white, Hispanic or whose native language is not English by 10%.
- Increase rates of teacher retention at Title I eligible schools.
- 90% of the “focus” and “priority” schools will achieve growth for all students and for subgroups that is greater than the state average.

Strategic Investment #2: OregonReads

In 2011-12, nearly 12,000 Oregon 3rd graders (28 percent) did not demonstrate proficiency in reading. Of underserved students, the percentage of 3rd graders who were not reading proficiently was nearly 10 percentage points greater (37 percent). Evidence demonstrates that for a student to be on a path to reading by 3rd grade, early learning experiences that prepare him or her to enter school ready to learn are crucial. Well-established research has shown that students who do not read at grade level by 3rd grade are four times less likely to earn a high school diploma. For students living in poverty, failing to meet this crucial benchmark makes them 12 times less likely to graduate. Moreover, beyond high school, success in college and the workforce requires that students are able to access, primarily through reading, increasingly higher levels of academic content. If we are to reach the 40-40-20 Goal, our state must insist that every Oregon student will read in the primary grades.

The OregonReads initiative builds upon the focus of achievement compacts, which identify 3rd grade reading as a key outcome for every student in Oregon, and includes an early beginning to our efforts to support developing readers. Now that districts are aligned around this key outcome, the state must implement strategies to engage whole communities – parents, nonprofits, early learning providers, afterschool providers, businesses, local governments and volunteers – around language and literacy.

OregonReads will be a statewide reading campaign to ensure that parents, educators and caregivers of young Oregonians can support children’s early and continued literacy skills.

Statewide Reading Campaign

OEIB, in conjunction with ELC, will lead a statewide campaign aimed at:

- Delivering resources and communications aimed at engaging and exciting Oregonians to support reading as an outcomes for all children;
- Equipping parents and caregivers with information to support early literacy skills and reading;
• Creating actionable opportunities for business, nonprofits, local governments and other state agencies to organize around improving early reading and 3rd grade reading outcomes; and
• Increasing the focus on early learning and reading among Oregon’s childcare and other early childhood professionals.

**Reading Intervention and Support Programs**

Through its Response to Intervention Network, ODE has contracted with the Tigard Tualatin School District to provide training, mentoring and instructional support to more than 50 Oregon districts to implement viable reading curriculum and evidence-based programs of intervention and support for struggling readers (known as Response to Intervention, or RTI). The RTI Network initiative has increased the number of Oregon students who are proficient in reading at 3rd grade, and has also reduced the numbers of students referred to Special Education Services with learning disabilities.

Through Oregon Reads, ODE, with leadership from successful mentor districts, would engage an additional 75 districts to implement RTI through the network of regional “Student Achievement Centers.” Currently, districts have few choices in serving students with disabilities and only receive resources to serve these students by referring them to Special Education. The positive benefits of Response to Intervention and other successful interventions would be maximized with changes to how Special Education funding is delivered, such as through a block grant rather than enrollment formula, or with incentive payments for the reduction of students referred to special education services.

**Increased Reading Support and Opportunities for Reading**

Oregon Reads will acknowledge that much of the work of getting kids to read comes through practice. For disadvantaged students and those at risk, Oregon must provide: (1) more opportunities for practice, with individual support from an adult; and (2) more access to books, computers, online curriculum, etc.

Through Oregon Reads, ODE would contract with proven providers of services (early learning hubs, districts, nonprofits, afterschool providers, libraries or others) to deliver:

• Proven, high-quality, cost effective expanded or individualized learning time for students who are not proficient in reading;
• Evidence-based, culturally appropriate programs that are highly likely to improve reading outcomes for students living in poverty, students of color, students with special needs and/or English language learners);
• Early childhood support and reading resources to new parents; and
• Year-round access (through libraries, community centers, childcare and health care settings, and schools) to children, students and families to books and computers, and to reading, writing, literature, science, art and other high-quality, engaging curriculum offerings.

Regional “Student Achievement Centers” linked to local early childhood services (also through regional early learning “hubs”) will encourage an early focus on reading, reading readiness and early response to intervention.

Oregon Reads will build upon some existing ODE and State Library programs and resources focused on reading, and will partner with the private sector to ensure reading support and readiness tools are provided to disadvantaged and at-risk families through existing channels that support them (such as
Outcome:

- By June 2015, Oregon will decrease the number of 3rd through 5th grade students who are not reading at grade level by 10 percent, and will decrease achievement gaps by at least 5% for each community of color.

Strategic Investment # 3: Supporting Students and Families

Oregon has reached a crisis point with respect to the growing gap in achievement between underserved students (students of color, student living in poverty, and students whose first language is not English). This crisis impacts lives, puts communities at risk, and further cripples our state’s economy. We must engage, empower and support families in culturally appropriate ways with the goal of providing every Oregon child with a safe and stable environment and a life-long demand for learning. Reaching this goal requires public and private partnerships that will focus community resources and commitment on evidence-based practices to support and engage not just students, but families. This support should include routine early screening, high-quality early learning and wraparound services for families, culturally appropriate strategies for engaging and empowering parents and caregivers, and monitoring and supporting students to seamlessly transition through the P-20 education system.

Engaged Families
Grants will be made to collaborations of nonprofits, providers of early childhood services, local governments or school districts to engage in culturally appropriate, proven programs of parent empowerment and engagement for underrepresented families. Proposals will specifically target:

- Engagement of families and caregivers around birth to grade 3 literacy (See Oregon Reads Initiatives) and direct engagement of parents in schools or childcare settings, as classroom supports or reading specialists
- Raising awareness and supporting secure attachment bonds between child and parent(s)/caregiver(s) as crucially important to children’s readiness to learn
- Culturally appropriate programs that support non-English speaking families or families of color in engaging in their child’s education
- Programs that empower parents to be advocates for their child’s outcomes

OEIB will seek partnership from the private sector in providing grants and in efforts to ensure the Oregon public is aware of the critical role that engaged, empowered and stable families play in the educational success of children.

Bridging Transitions and Developing Goals for College and Career
The transition from 8th to 9th grade is a pivotal time for students who struggle academically. Compelling evidence suggests that many students fall behind, get disengaged, and drop out or fail to complete. It is crucial for Oregon to research and examine the factors leading to risk of failure, identify students who are at risk (in terms of academics, attendance, or behavior), deliver appropriate screening and evidence-based interventions, and implement policies to ensure success.
based interventional strategies, and track students’ progress to completion.

The benefits of developing and implementing effective transition programs for students are well documented. There is a significant body of research that strongly suggests systematic, thorough, and ongoing transition programs benefit students both academically and socially.

Through ODE, YDC and HECC, Oregon should invest in cost-effective programs that identify students, grades 6 through 10, who are at risk of dropping out or failing, and provide them systematic, individualized monitoring and mentoring. Programs that have increased outcomes for students include:

- ASPIRE, a mentoring program for middle and high school students focused on college readiness
- “Check & Connect” or other cost-effective “mentor” strategy that relies on monitoring of school performance, as well as mentoring, case management, and other supports.
- 9th Grade Counts, or other summer transition program for incoming 9th graders
- Early intervention, gang prevention and other services for at-risk youth

Many other promising practices exist in communities around the state.

Outcomes:

- By October 2013, every Kindergartener in Oregon will take a readiness assessment, and baseline data will be available for the state by the end of 2013. By spring 2014, the ELC and OEIB will set a state goal for increased kindergarten readiness in 2014-15.
- By June 2015, the percentage of students who are “on track” for graduation by the end of 9th grade will be at least 75% (with no gaps greater than 10%).

Strategic Investment #4: Essential Skills for Global Success

Promoting Innovative 9-14 Models

Across high school and into community college, the system suffers both financial and human costs with the inflexible and siloed approaches to delivering learning. Students who fail a course in high school or enter community college behind are required to repeat whole semesters rather than spending a few weeks or months demonstrating the skills or knowledge they lack. Students who could excel are held to the pace of the group, and may be asked to sit in study halls when they could be earning college credits through community college or on-line courses. The state must allow and incent districts and community colleges to design more individualized, innovative, flexible ways of delivering content, awarding credit, and tackling credit recovery and developmental education. Evidence is clear that students learn at their own pace and in their own way. Outcomes will be improved by offering opportunities for students to move more quickly through content they know, to dig in more deeply to content that engages them and to receive more directed support on the areas in which they struggle.

Oregon has an interest in supporting the creation of models that promote flexibility, innovation and individualized learning, while ensuring a more seamless transition between high school and college. This investment will support models that:

- Include a consortium of district(s), community college(s) and 4-year institutions
• Promote more individualized, flexible, proficiency-based methods of delivering content and awarding credit for high school and post-secondary work; and

• Use partnerships and technology to increase efficiencies, engagement and opportunities for students

Specific areas of interest to the EFT include: (1) STEM lab schools for grades 6-14; (2) early college or dual credit models; and (3) programs and services that integrate academic, technical and workforce skills for young adults.

This initiative should consider the Eastern Promise proposal as well as investments in network of STEM lab schools.

**Strengthening the Oregon Diploma and Assessing the Essential Skills**

Through adoption of the Common Core State Standards and of the Essential Skills represented in the New Oregon Diploma, Oregon has made a commitment to ensuring students are leaving Oregon schools prepared for college, career and success as a global citizen. However, there is much work to do. Oregon must invest in developing measures and processes aimed at reflecting the state’s progress toward a more learner-centered, self-paced system.

ODE should continue to support districts in ensuring students can demonstrate essential skills, through restoration of Oregon’s writing assessment, development of Common Core-aligned assessments of reading and math, and facilitation of educator in creating classroom-based assessments and portfolios of learning (through the Student Achievement Centers).

In addition, through its involvement in Council for Chief State School Officer’s Innovation Lab Network (ILN), Oregon is poised to leverage private and state resources to fund a network of lab districts that will:

• Use performance-based measures and collaborative processes to create a system of content and assessments that can ensure students progress toward the essential skills (including “soft skills” such as thinking and behavior skills)

• Create new paths to a diploma that are individualized, flexible and engaging

• To provide a site for the state’s policy and research arm to gauge alignment of the system and ensure students are college and career ready, and to develop authentic measures of learning that truly represent what we want Oregon student to know and be able to do.

**Outcomes:**

• Increase the number of students who demonstrate proficiency in math and science in grades 7 and 11 by 10%, and decrease the achievement gaps by 10%.

• By June 2015, Oregon’s 5-year cohort graduation rate will increase by 10 percent, and achievement gaps will decrease by 10%.

• By June 2015, Oregon’s enrollment in post-secondary (including certificate programs) will increase by 10 percent, and achievement gaps will decrease by 10%.
2. Early Learning

Outcome 1: All children enter school ready to learn

Redesign recommendations
The state currently funds a variety of early learning activities through specific line-item appropriations that support of specific state and local programs including early childhood special education, Oregon Pre-Kindergarten, Head Start, Healthy Start, Employment-Related Day Care, and others. Consistent with recommendations from the Early Learning Council, the EFT proposes instead that within the 2013-2015 biennium, many of those activities would receive funding instead from locally- or regionally-based early learning “hubs” that would be accountable to the state for improving outcomes¹ in exchange for state investment. The EFT presumed that funds to the hubs would be allocated on the basis of formulas established by the ELC, by 2013 legislation, or by subsequent rules. It recommends that the state establish four separate funding streams for the hubs, focused on the following activities and prioritized as follows: (1) early identification and screening; (2) home visits and early childhood support; (3) quality early learning and child development; (4) respite care.

3. Elementary and Secondary Education

Outcome 2: Ready to apply math and reading skills
Outcome 3: On track to earn a diploma
Outcome 4: Ready for college and/or career training

K-12 Formula Redesign recommendations
1. English Language Learners (ELL). The EFT believes that how we fund K-12 schools should express our state’s commitment to the vital importance of language acquisition for all students, as well as the particular urgency and challenge of that task for students who arrive at school with limited or no English language proficiency. Research and experience within our best schools and classrooms demonstrates that if ELL students are served well, they can achieve English proficiency within a period of time that is shorter than the average they experience today. The EFT believes that the current K-12 funding formula, which provides an extra 0.5 “weight” for English Language Learners without specifying how those dollars must be spent, fails to provide a sufficient incentive to serve ELL students well. The EFT recommends that the ELL weight be converted instead to a per-student grant that would be allocated for an evidence-based period of time based on the student’s starting level of English Language proficiency. Schools would retain their obligation to appropriately serve ELL students for as long as necessary for them to achieve English-language proficiency and transition successfully out of ELL.

The EFT recommends that a design team is assembled in order to operationalize this recommendation.

¹ The Early Learning Council is in the process of establishing outcomes in three categories: child and family outcomes, service outcomes, and system outcomes.
2. **Special Education.** Oregon is committed to ensuring that every child is supported in reaching his or her maximum potential. The 40-40-20 Goal holds the state accountable for ensuring that 100% of students complete high school with a diploma that represents this level of achievement. For Oregon’s students with disabilities, the state must steadfastly commit to investing in, and holding districts accountable for providing, high quality services to those students appropriately identified as in need of Special Education. In addition, the state must curb the unacceptably high rates of students referred to special education (and the disproportionate representation of students of color) by providing districts with incentives to develop and provide individualized services and interventions (such as Response to Intervention) that are better suited to improving outcomes for many struggling students than traditional special education services.

Currently, the funding formula provides districts with twice the funding for each student receiving Special Education services, up to a cap of 11 percent of the student population. Nearly all Oregon districts currently receive the maximum amount of funding. The EFT recommends that rather than requiring that receipt of the maximum amount of funding be conditioned on the identification of 11 percent of students as Special Education eligible, the same amount of funding simply be delivered as a block grant to all districts. In addition, the EFT recommends a design team examine recommendations from the Secretary of State’s audit and the feasibility of providing additional incentive payment to districts for implementing evidence-based interventions that ultimately reduce the number of students referred to Special Education. Although state funding would no longer vary based on the number of students identified for special education services, districts would still be obligated to appropriately identify students entitled to special education services and would receive federal funding on a per student basis.

The EFT does not propose to change how the state provides funding for high-cost disabilities.

3. **College credit before high school completion.** The EFT believes that our K-12 funding formula should create incentives for schools and colleges to provide more opportunities for students to receive college credit before they graduate from high school. This is a powerful indicator of a student’s likelihood of attending and succeeding in post-secondary education, and it saves students and families tuition costs. While the EFT did not arrive at a specific recommendation for changing the formula, it believes that the OEIB should address this issue directly before completing the 2013-15 budget.

4. **Education Service District (ESD) funding.** In order to fund a strategic investment in “Creating a Diverse Corps of Professional Educators,” the EFT recommends reallocating some or all of the existing 4.5% ESD set-aside for Student Achievement Centers to be guided by the Chief Education Officer’s recommendations for service delivery and governance.

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**4. Post-Secondary Education**

*Outcome 5: Ready to contribute in career and community*

**Post-secondary Formula Redesign recommendations**

Over several biennia, and subject to continuing monitoring and review, the EFT recommends that the state transition away from enrollment-based funding and towards outcomes-based funding for
community colleges and universities. To start, the EFT recommends that in the 13-15 biennium 30 percent of formula funding for community colleges and universities be allocated on the basis of the institutions’ success at achieving outcomes such as the following:

- Number of certificates
- Number of associate degrees
- Number of baccalaureate degrees
- Number of advanced degrees
- Transfers to 4-year institutions after accumulating at least a certain number of credit hours
- Momentum points such as:
  - Successful completion of first college-level math course
  - Successful completion of first college-level English course
  - Successful completion of 15 degree credits
  - Successful completion of 30 degree credits
  - Etc.

Extra weighting should be provided for underserved students who achieve these outcomes.

Formula design should reflect the distinct missions of community colleges and universities.

These changes should be accompanied by “stop-loss” provisions to ensure that institutions do not experience dramatic changes in funding upon implementation of the new formulas.

Finally, the EFT also recommends that priority be given to expanding need-based aid over “buying down” tuition increases, and that attention be paid to how the Oregon Opportunity Grant might be redesigned to more effectively target resources than today’s “first-come, first-served” approach. The high cost of post-secondary education remains a major barrier to achieving the 40-40-20 goal.

5. State Infrastructure

Overview
The EFT was not asked to work at the level of granularity that would have been necessary in order to redesign the core operational budgets for ODE, OUS, OSAC, CCWD, and other state agencies involved in the support of education. It did, however, consider the overarching design of the state’s infrastructure, guided by the following principles:

- The state’s education infrastructure should not grow at the expense of the state’s ability to invest directly in programs and institutions that directly impact students. Investments in the state infrastructure should not grow as a percentage of the state’s total education investment.
- Education-related agencies should be merged and/or consolidated wherever possible to gain the benefit of efficiencies and greater cross-sector coordination.
- The state’s organizational design should reflect the state’s emphasis on breaking down siloes and establishing a coordinated system of education from birth to career (P-20). The
organizational design should reflect clear lines of accountability to the Chief Education Officer and his responsibility for the following core cross-sector functions: (a) standards and assessment, (b) research, policy, and investment, (c) longitudinal data system, (d) support and intervention, (e) produce, support, and elevate great educators, (f) informed and motivated communities. These are described in further detail below.

- In addition to these six core cross-sector functions, the state’s P-20 infrastructure should direct certain high-leverage investments along the education continuum.
- Local providers of education should receive greater freedom and flexibility consistent with high levels of performance towards state-established outcomes.

Core functions for the State Infrastructure

1. Standards and Assessments

The EFT recommends that the state move aggressively toward ensuring that an essential feature of Oregon’s P20 system are aligned standards and an authentic system of assessments. These standards and assessments must be relevant, rigorous, multi-faceted, and ultimately ensure that students can move seamlessly along the pathway toward the ultimate outcome of lifelong learning, rewarding work, and engaged citizenship.

Toward this end, the EFT recommends supporting and aligning significant existing efforts already in place – such as Kindergarten readiness assessment, Common Core State Standards (with alignment efforts happening in the Pre-K and higher education arenas), Smarter Balanced assessments, development of college & career ready definition, assessment of Oregon’s Essential Skills, creation of a new Oregon Report Card, as well as to nurtures the innovation currently bubbling up from teachers, districts, and networks across the state.

Through support for the initiative “Supporting a Diverse Corps of Professional Educators,” the state must encourage educators to lead these efforts and empower them to create, use and validate data from meaningful assessments that are delivered as a part of the teaching and learning process. The regional “Student Success Centers” that would be keenly focused on providing educators with ongoing support & professional development that is absolutely crucial to effectively implementing CCSS, delivering student-centered instruction, and creating authentic, common assessments. The “Centers” will also uniquely be focused not just on K-12 teachers, but will be centers aimed at incenting collaboration between early education providers, K-12 educators, faculty from post-secondary (including schools of education) and education leaders.

In addition, much of the initiative “Essential Skills for Global Success” is aimed at sowing the seeds of innovation in the areas of standards and assessments – particularly efforts at creating STEM lab schools in collaboration with post-secondary, developing new paths to a diploma, and creating an “innovation lab network” to launch a system of deeper learning assessments that would ultimately serve to assess the essential skills beyond reading, writing and math.

Lastly, the “Supporting Students and Families” initiative includes the work of the Early Learning Council, which launched a pilot of the state’s new Kindergarten readiness assessment last month, and is set for statewide implementation in fall 2013.
2. Research, Policy and Investment

In addition to the core OEIB staff, a research, development and investment team should be developed and housed in OEIB. The Research Team will do the following:

(1) Oversee the creation of a state Data Governance Council;
(2) Ensure OEIB has direct access to student-level data from ODE, CCWD and OUS;
(3) Develop a consortium of research partners, including private universities, other state departments, Education NW, EdFirst, and other prominent education and economic research entities;
(4) Further refine and operationalize the Return on Investment dashboard;
(5) Analyze state and district investments and determine return on investment;
(6) Provide data analysis, research, presentations, white papers and other publications aimed at identifying and disseminating best practices and promising innovations;
(7) Provide policy reviews and recommendations to support the goals of the OEIB;
(8) Prioritize and respond to requests for research and analysis from outside entities;
(9) Staff the Quality Education Commission.

3. Longitudinal Data System

A crucial investment for the state is continuing the work of creating a statewide, culturally-appropriate, longitudinal database to ensure (1) that longitudinal student information and outcome data is available at the provider and policy-maker level; and (2) to support teaching and learning, to provide information to students and, for PK-12, to parents, and to support the dissemination of best practices across outcomes.

Because existing federal investments dedicated to creating a statewide longitudinal data system are drying up, the state must move forward to develop a plan for completing the task. The EFT recommends a small investment in the first half of the biennium be used to create a comprehensive case study and 10-year plan for the development, completion and maintenance of the longitudinal data system that can be presented to the Legislature for funding in the second half of the biennium.

4. Support & Intervention

Oregon’s Chief Education Officer and the OEIB staff will be deeply engaged in the work of supporting, and where necessary intervening, to ensure that every provider, district or institution is continuously improving and moving the state rapidly toward the 40-40-20 Goal. Specifically:

- In early learning, the state is developing the a Quality Rating and Improvement System for all licensed childcare providers and, as referenced in the budget proposal from the Childcare Division, seeking to tie subsidies to participation in this voluntary system;
- In K12, Dr. Crew has developed a framework for identifying, based on Achievement Compacts, school rating system, and quality indicators – school districts to be celebrated, those to be supported, and those in need of intervention. In addition, the state’s NCLB waiver has allowed ODE to develop a new system for identifying “priority” and “focus” schools, and offer more individualized, effective supports to those schools.
• In community college, a similar framework for differentiating the supported needed at each institution is being developed.

The EFT recommends a modest investment in a Support and Intervention Fund that will be administered by the Chief Education Officer for the purpose of rewarding change efforts and improvements in student outcomes, building momentum, and removing small hurdles that can otherwise serve as a barrier to lasting change.

5. Produce, Support & Elevate Great Educators

In addition to the efforts outlined in the “Supporting a Diverse Corps of Professional Educators,” the state must redesign the state’s schools of education are able to recruit and prepare high-quality, committed and diverse teachers and leaders. The EFT identified the following tasks related to that charge:

• Provide recommendations on standards (for admission and achievement) and curriculum for state supported colleges of education such that they produce the kinds of educators most needed in Oregon—especially with respect to competency based learning and use of authentic assessments.
• Provide measured accountability for state investments in great educators.
• Provide a vehicle for licensing and license management of teachers.

OEIB should work with ODE, TSPC, CCWD, OUS and the private universities to make this work a priority.

6. Informed and Motivated Public

A key outcome for the Chief Education Officer and OEIB will be the creation of a set of compelling, understandable, motivating, and culturally-appropriate messages aimed at creating engagement and support from legislators, parents, students, educators and the public at large. Two-way communications, such as website, social media, on-line engagement campaigns, focus groups, town halls, speaking engagements and personal communications, should center around the key themes and strategies discussed herein. The bulk of the consulting dollars set out in the OEIB budget should be reserved for this purpose.
Oregonians are prepared for lifelong learning, rewarding work and engaged citizenship

LEARNER LEVEL Outcomes

COMMUNITY LEVEL Creating Conditions for Teaching & Learning

STATE LEVEL Steering the System

Supports & Interventions | Support & Elevate Education Professionals | Standards & Assessments | Research, Policies, and Investment | Longitudinal Data System | Engaged Communities

Effective Educators | Supported Families & Learners | Variety & Innovation | Culture of Ongoing Learning

Learner Centered

Ready for school | Ready to apply math and reading skills | On track to earn a diploma | Ready for college and career training | Ready to contribute in career and community

No achievement gaps