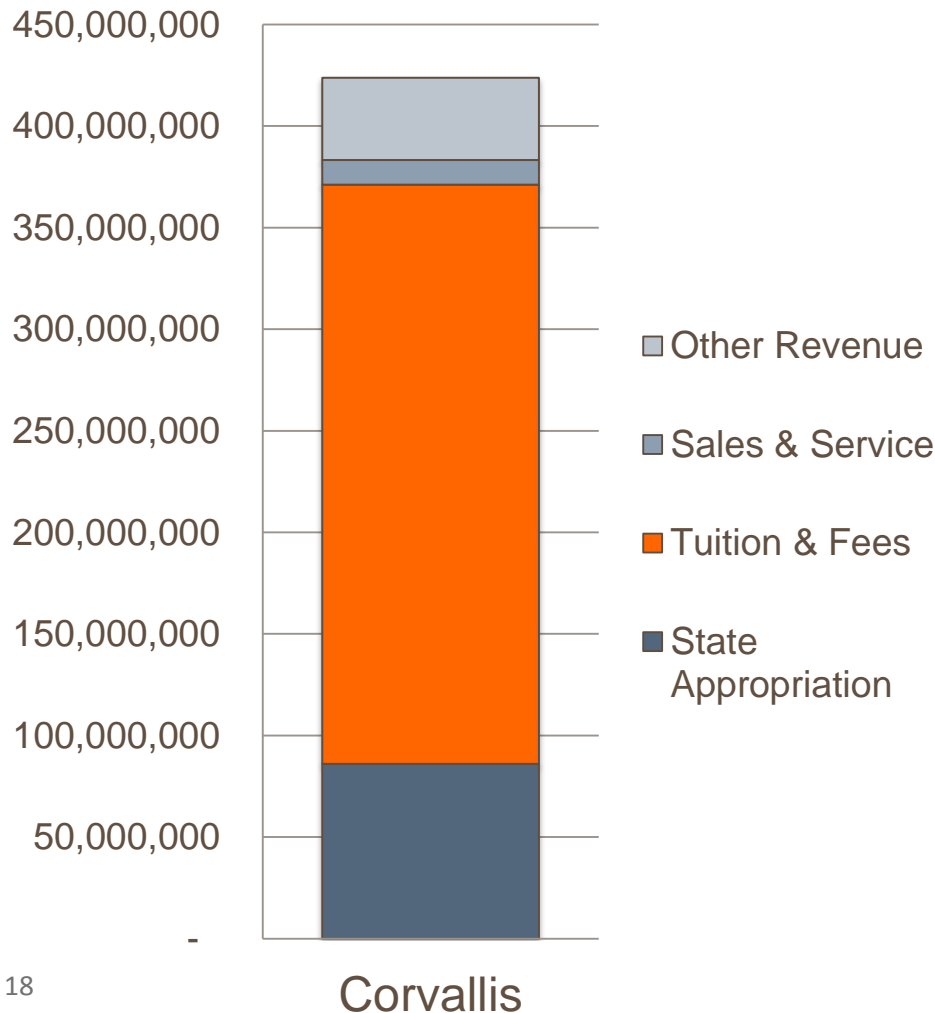


Costs: What should we be asking?

- Do we understand where our costs are?
- How does our overall spending look compared to institutions we compete with?
- What do our costs in particular areas look like compared to peers and to best practices?
- Are our compensation costs in line with peers?
- Have costs grown over time out of line with inflation or other drivers?
- Where are critical areas of need based on the answers to those questions?
- Where are the current key conversations about cost reductions or efficiencies to allow for investments in other areas of need?

FY15 Revenue Sources for OSU Education and General Funds



Context: The role of tuition

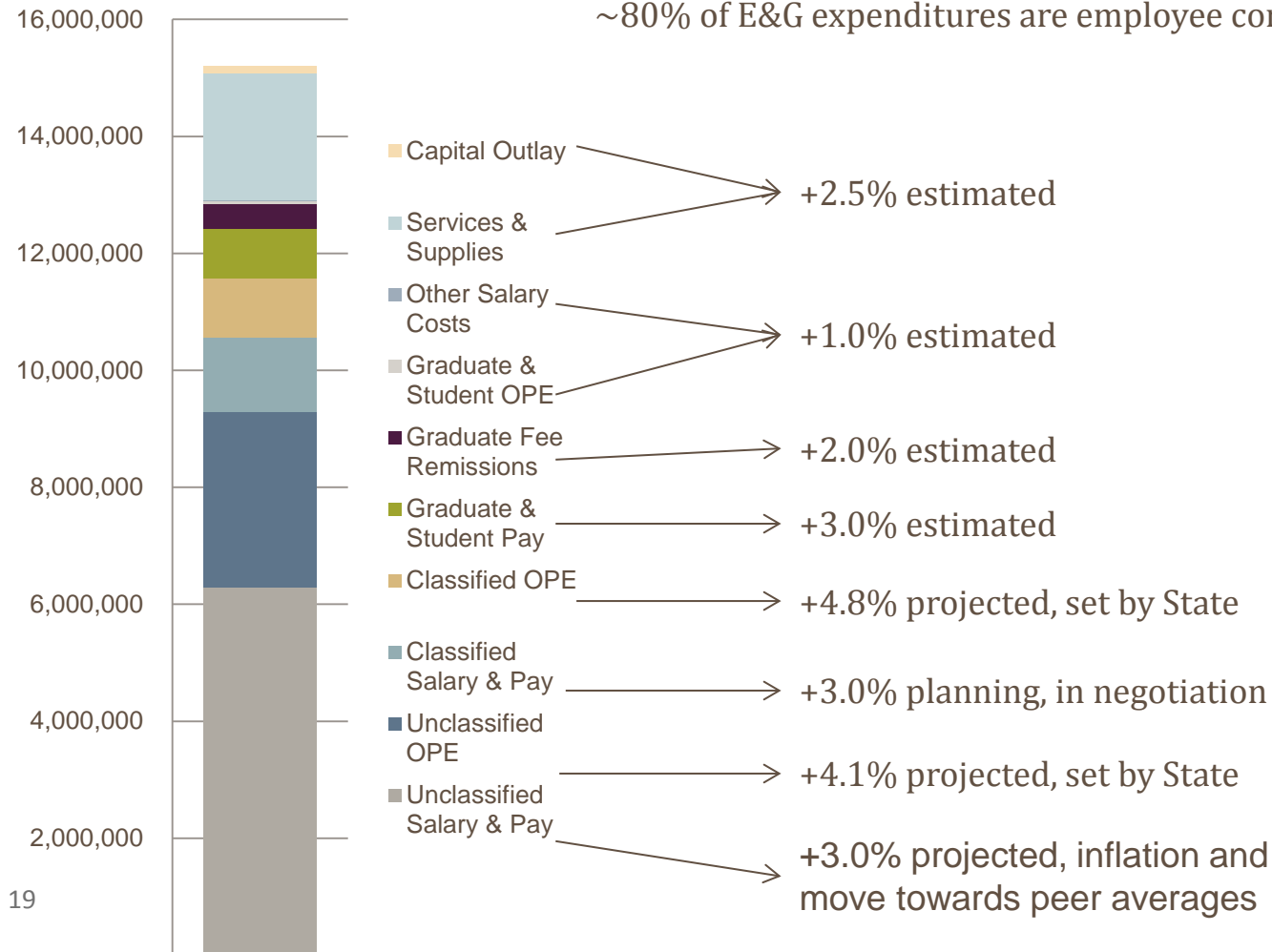
Tuition is the most important part of Education and General funding. 85% of tuition revenue is from undergraduate tuition

Expense increases next year are estimated at about \$33 million, including compensation for employees, new faculty and staff in key areas of student demand, opening and operation of new classroom building – LInC

Detail on current operations *preliminary* expense increases

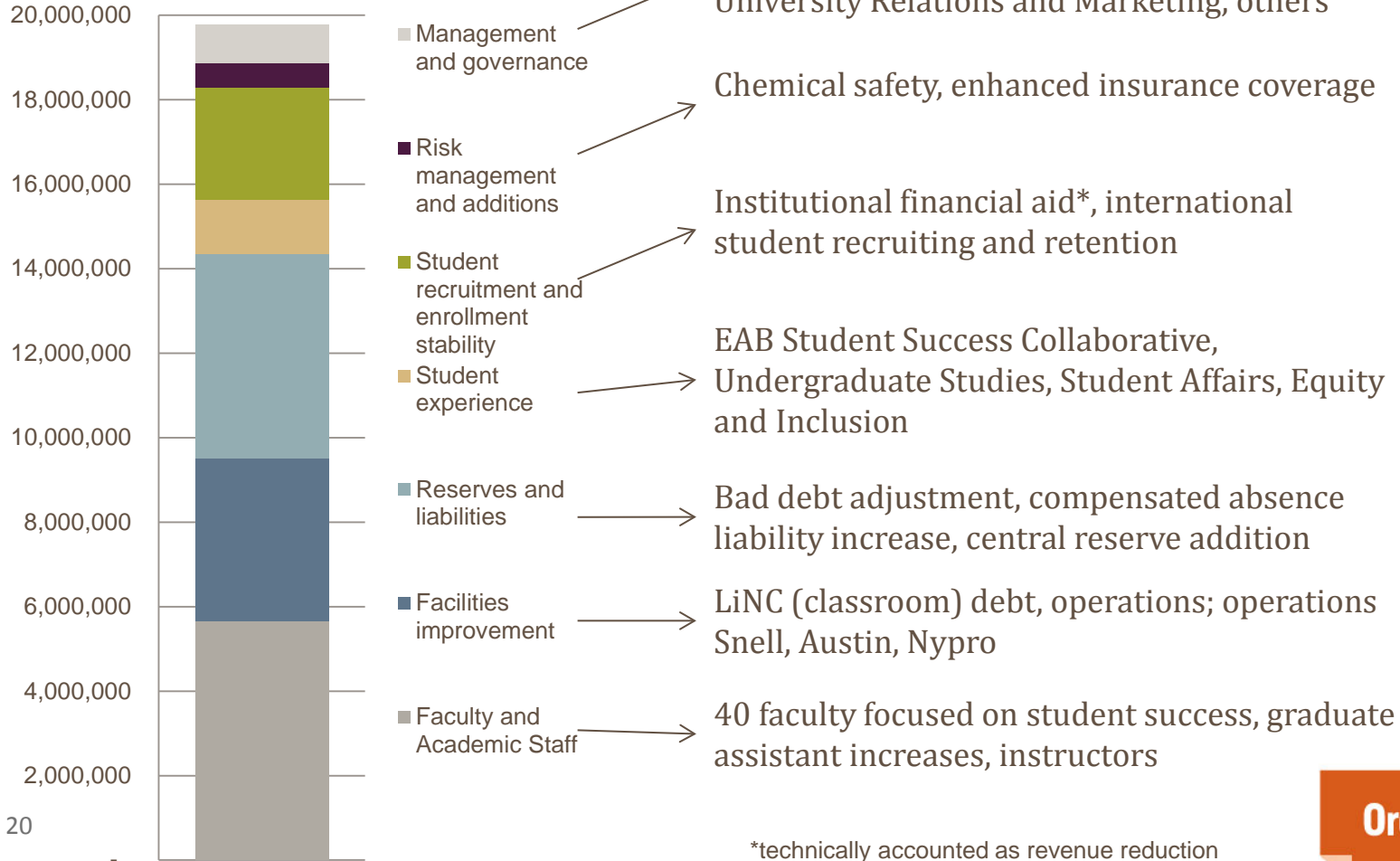
Projected FY16 Expense Increments--Current Operations

~80% of E&G expenditures are employee compensation



Detail on preliminary new expense commitments

Projected FY16 Expense Increments--New Expenses

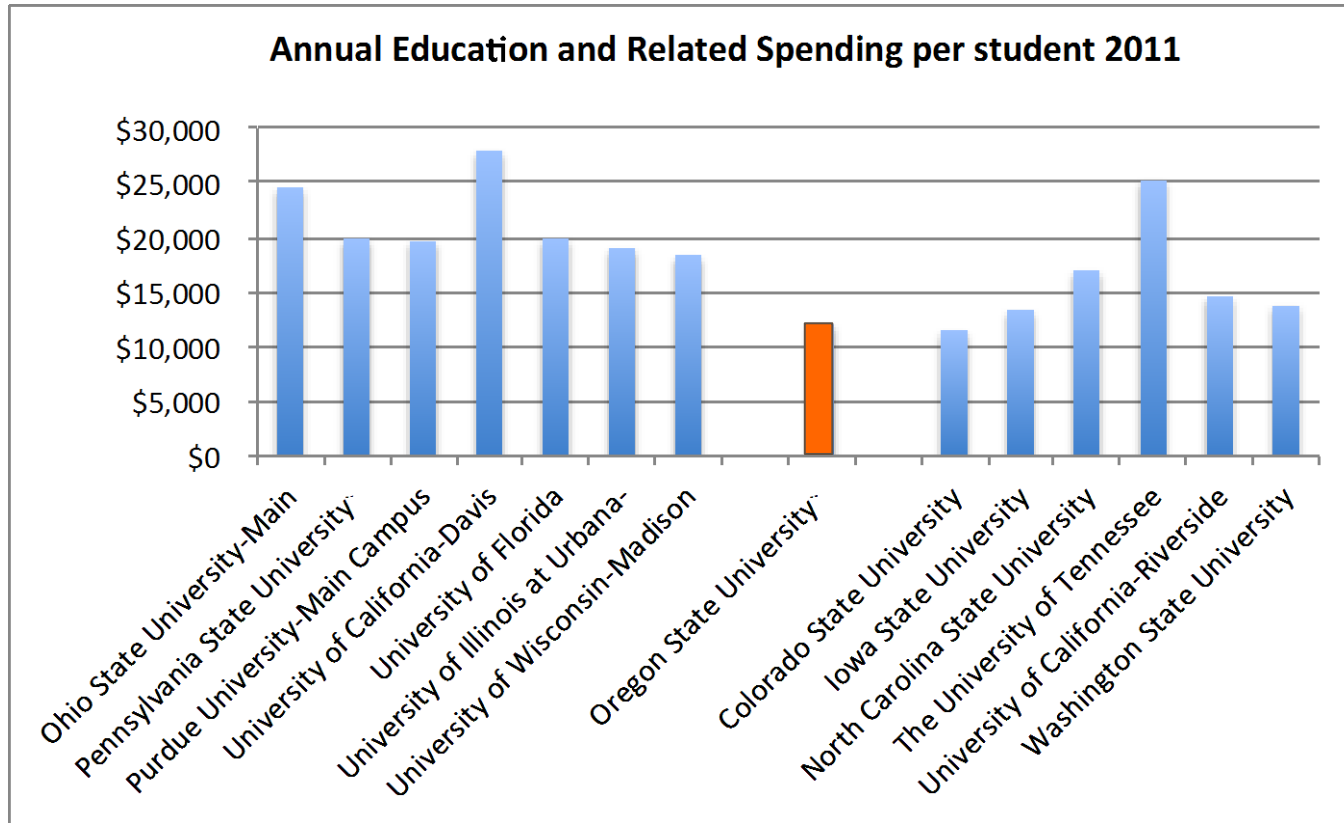


How does our overall spending compare to peers?

Measure	OSU	Arizona	UC Davis	Iowa State	NC State	Michigan State
Student/faculty	25.8	21.7	20.4	20.0	16.9	18.7
State \$ per Student FTE	\$5,576	\$6,924	\$10,389	\$8,274	\$15,654	\$6,917
Tuition & Fees per FTE	\$9,492	\$12,551	\$12,810	\$9,844	\$7,852	\$16,120
Instruction cost per student FTE	\$9,059	\$10,646	\$19,026	\$8,132	\$12,580	\$13,618
Institutional support and plant operations as % of total expenditures	11.6%	12.5%	11.9%	12.9%	14.8%	14.6%
Primary reserve ratio	17.9%	28.6%	42.6%	43.8%	29.2%	68.1%

(summary from January financial statement analysis discussion)

Average spending per student relative to peers



- Group to left of OSU are Tier 1 Strategic Plan peers, those to right are Tier 2 peers
- Data from Delta Cost project Trends in College Spending database

Are our costs generally in line with similar programs?

OSU FY14 Cost per SCH compared to some national measures for 2012-13 (lower OSU spending consistent with two previous slides)

	Average cost per SCH	Average cost per SCH 2012-2013 national
Biochemistry and Biophysics	\$320	\$339
Mathematics	\$114	\$182
Statistics	\$163	\$182
Molecular & Environmental Toxicology	\$411	\$429
Pharmacy	\$561	na
Psychology	\$155	\$204

How does our compensation compare to peers?

(salary consistently lower, benefits—set by State—consistently higher)

2013-14 AAUP Faculty Salary Survey

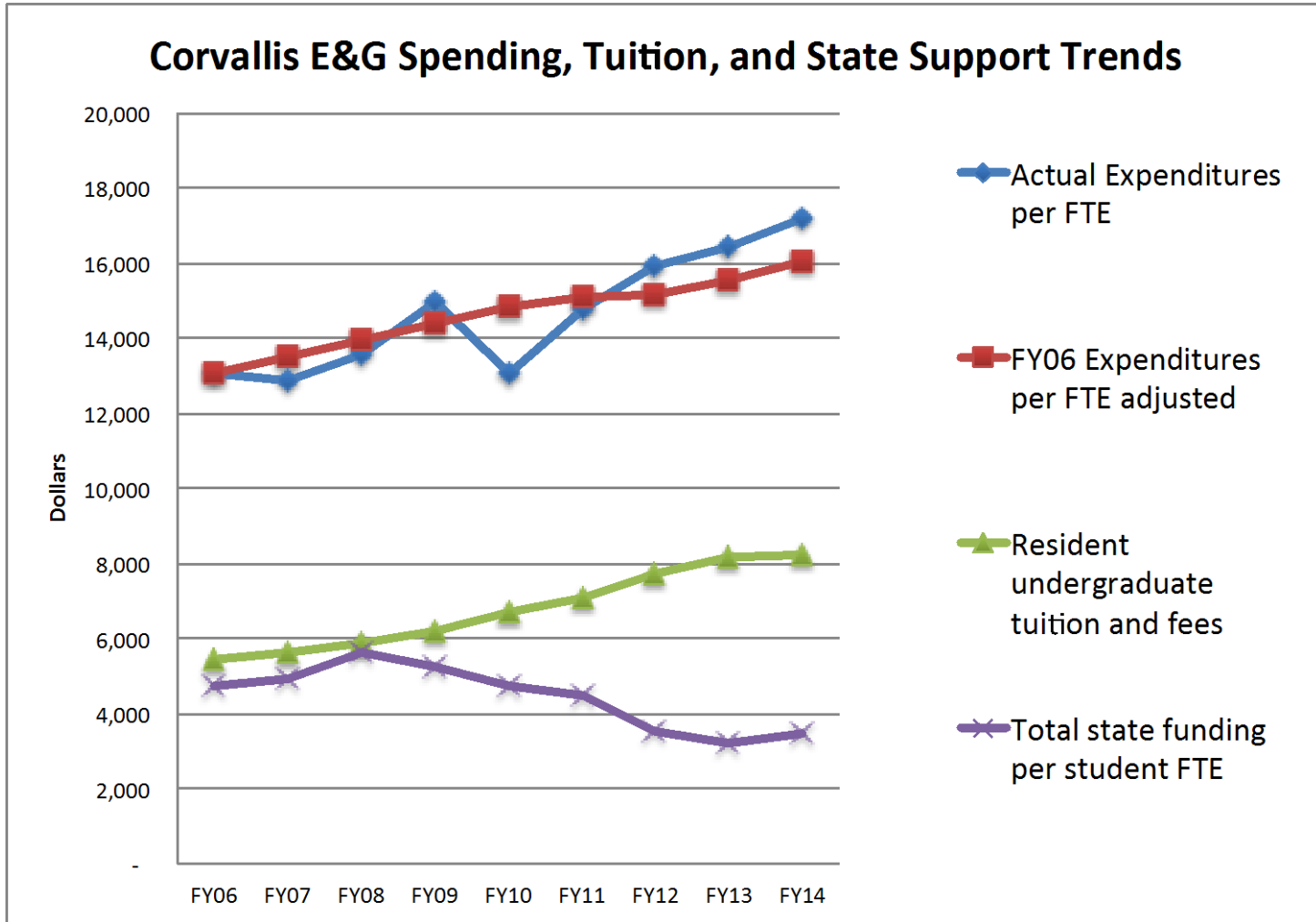
Strategic Plan Peers	Full Professor	Associate Professor	Assistant Professor	Instructors
Average Salary				
Oregon State	\$ 112,100	\$ 88,000	\$ 77,200	\$ 46,700
Average Strategic Peers	128,877	89,346	80,369	55,100
Average Key Land Grants here	125,800	87,645	78,115	50,669
Average Public Pac-12	140,433	96,233	84,550	47,925

Average Benefits as Percent of Salary

Oregon State	39%	41%	40%	56%
Average Strategic Peers	27%	31%	32%	38%
Average Key Land Grants here	27%	30%	31%	38%
Average Public Pac-12	31%	35%	35%	45%

Have our costs escalated over inflation?

About \$1000 per student spending increase over inflation since FY06, about half of that for increased financial aid, the other half for increased graduate assistant support



What does all that tell us about expense issues?

Critical areas of need:

- Student to faculty ratio
- Facilities improvements
- Staff ratios, student financial aid, student success

Cost and efficiency conversations:

- Major academic and administrative restructuring in FY2009 through FY2014. Academic divisions, program reduction, business centers formation, facilities and administration.
- Lean process review—business centers (an innovation OSU led), including grant application and management, HR processes, payment processes
- CORE initiative to provide easy and accurate access to data for management decisions
- Exploring public-private partnership opportunities
- Administrative structure task force charged by Provost