Operating budget is an estimate of revenues and a plan for deploying those revenues during the next year to further the university's strategic plan.

The decisions on areas for change each year are informed by:

• Needs to advance the Strategic Plan, including maintaining the progress to date;
• Priorities identified in the draft Ten-Year Business Strategy;
• Contractual obligations for personnel, software, services, etc.; and
• Requirements to maintain a solid financial position for all parts of the university.
Serving Our Students and the State
Some representative mission measures

Undergraduate Annual Tuition
- Resident
- Non-Resident

Fall Term Enrollment (Headcount)

Degrees Awarded
- Ph.D
- MS/MA
- BS

Annual Grant Expenditures (1000's)
Budget Context

• **Enrollment**
  • Undergraduate enrollment is flattening
  • Growth in international enrollments has slowed
  • Oregon’s “free” community college program debuts in Fall 2016

• **State funding**
  • Second year of the new state outcomes-based budget distribution, relatively stable for FY2017
  • State likely facing significant shortfall for 2017-19 biennium because of increases in state retirement and healthcare costs

• **Strategic growth and needs**
  • Student success and diversity initiatives
  • Opening the four-year Bend campus and planning for continuing development of the campus; faculty and staff growth to build degree and course offerings
  • Development of the Marine Studies Initiative and facilities development in Newport
  • Addressing deferred maintenance and renewal of older facilities in Corvallis
Some Nomenclature Reminders

Major fund types:

- **Education and General (E&G)**
  - Corvallis E&G operations
  - Cascades E&G operations
  - Statewide Public Service operations

- **Self-Support Operations**
  - Auxiliary Enterprises
  - Service Centers
  - Designated Operations

- **Restricted Funds**
  - Federal financial aid, grants and contracts
  - State grants and contracts, county funds
  - Private gifts and royalties
## Budget Planning and Strategic Plan 3.0

<table>
<thead>
<tr>
<th>Transformative Education</th>
<th>Education and General Funds</th>
<th>Self-Support Funds</th>
<th>Restricted Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional diversity and equal opportunity initiatives, <em>Expanded support for Engineering professional school and expanded graduate programs in Liberal Arts</em>; Added support in Enrollment Management</td>
<td>Housing and dining facility in Bend; <em>Additional staffing in Survivor Advocacy and Resource Center</em></td>
<td>Support of OSU Foundation and private scholarships</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enhance Scholarship, 3 Areas of Distinction</th>
<th>Education and General Funds</th>
<th>Self-Support Funds</th>
<th>Restricted Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research space and equipment funds; <em>Added staff in Facilities and IT security operations</em>; Open and operate Johnson Hall</td>
<td>Added parking as part of Johnson Hall, Wood Science Complex</td>
<td>Research growth with Johnson Hall: <em>Increased support for research space and equipment</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strengthen Impact in Oregon and Beyond</th>
<th>Education and General Funds</th>
<th>Self-Support Funds</th>
<th>Restricted Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWPS hiring for initiatives in water quality, sustainable agriculture, public health, pollinator health; <em>Investments in University Marketing and Relations</em></td>
<td>Planning for housing and dining operations in Newport</td>
<td>County levies to support Extension; <em>Wood Innovation Complex</em></td>
<td></td>
</tr>
</tbody>
</table>

| Sustain and Support Current People and Programs in all parts of the strategic plan | Unclassified and classified salary increases; benefit increases; graduate remissions and stipends increase; increased benefit costs for graduate assistants (new contract terms); inflation on services and supplies; utility, liability, license, bad debt, insurance increases |

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[Logo: Oregon State University]
FY2017 Operating Budget Summary

For each major fund type:

- Revenues and expenses for current year, two previous years, and proposed budget year
- Assessment of major challenges, uncertainties, and opportunities
- Major strategic issues or opportunities
Oregon State University Revenues and Expenditures, All Funds (in $1,000s)

Expense: Restricted Funds
Expense: Self-support Funds
Expense: Education & General Funds
Revenue: Restricted Funds
Revenue: Self-support Funds
Revenue: Education & General Funds

2013-14 Actuals
2014-15 Actuals
2015-16 Projected
2016-17 Proposed
Education and General Operating Funds ($1,000s), Revenues (left bar each year) & Expenditures (right bar)

- Net Transfers
- Expense: S&S/Capital
- Expense: Personnel Services
- Revenue: Other
- Revenue: Net Tuition and Fees
- Revenue: State Funds

Years:
- 2013-14 Actuals
- 2014-15 Actuals
- 2015-16 Projected
- 2016-17 Proposed
Education & General Funds:

Challenges and uncertainties:

- Enrollment projections and yield in the fall
- Impact of state minimum wage change and federal FLSA overtime rule changes

Major strategic issues and new commitments:

- Diversity and student success initiatives
- Operations of Cascades campus and Johnson Hall
- Faculty and staff hiring for Cascades
- MSI Executive Director and facility
- Additional staff in Facilities Services
Self-Support Operating Funds ($1,000s), Revenues (left bar each year) & Expenditures (right bar)

- **2013-14 Actuals**
  - Revenue: Sales & Service
  - Revenue: Enrollment Fees
  - Expense: S&S/Capital
  - Expense: Personnel Services
  - Net Transfers & Deductions

- **2014-15 Actuals**
  - Revenue: Sales & Service
  - Revenue: Enrollment Fees
  - Expense: S&S/Capital
  - Expense: Personnel Services
  - Net Transfers & Deductions

- **2015-16 Projected**
  - Revenue: Sales & Service
  - Revenue: Enrollment Fees
  - Expense: S&S/Capital
  - Expense: Personnel Services
  - Net Transfers & Deductions

- **2016-17 Proposed**
  - Revenue: Sales & Service
  - Revenue: Enrollment Fees
  - Expense: S&S/Capital
  - Expense: Personnel Services
  - Net Transfers & Deductions
Self-Support Funds:

Challenges and uncertainties:

• Lower enrollment has considerable impact on units such as Housing and Dining, Student Centers, and Student Health Services
• Impact of state minimum wage change and federal FLSA overtime rule changes

Major strategic issues and new commitments:

• Investments in new housing and dining operations in Bend (and eventually at Newport) will require some period of deficit operations as they build up student populations
• A comprehensive operating budget strategy needs to be completed for athletics.
**Restricted Funds:**

**Challenges and uncertainties:**

- Impact of election year on budget setting, policy, and allocation
- Impact of state minimum wage change and federal FLSA overtime rule changes

**Major strategic issues and new commitments:**

- Continued success in research funding depends on maintaining facilities, equipment, and support services. Increasing private giving will require a planned investment in the Foundation and Alumni Association to position OSU for the next campaign.
RECOMMENDATION: Staff propose that the Finance & Administration Committee recommend to the Board that it approve the operating budget for FY2017 as presented in Tables 1 through 4.

Oregon State University 2016-17 Operating Budget Summary

<table>
<thead>
<tr>
<th>Revenues (in 1000s)</th>
<th>2013-14 Actuals</th>
<th>2014-15 Actuals</th>
<th>2015-16 Projected</th>
<th>2016-17 Proposed</th>
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</thead>
<tbody>
<tr>
<td>Education and General</td>
<td>$508,115</td>
<td>$553,047</td>
<td>$595,517</td>
<td>$618,326</td>
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<tr>
<td>Self-Support Operations</td>
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<td>Restricted Funds</td>
<td>$291,828</td>
<td>$311,896</td>
<td>$325,945</td>
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Expenditures, Transfer, Additions and Deductions (in 1000s)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and General</td>
<td>$505,159</td>
<td>$541,786</td>
<td>$574,064</td>
<td>$610,411</td>
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<tr>
<td>Self-Support Operations</td>
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<td>$206,579</td>
<td>$232,321</td>
<td>$229,925</td>
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<tr>
<td>Restricted Funds</td>
<td>$295,837</td>
<td>$312,144</td>
<td>$325,563</td>
<td>$334,086</td>
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</table>

Questions?