



Oregon State
University

Ten-Year Business Forecast: FY2022-2032

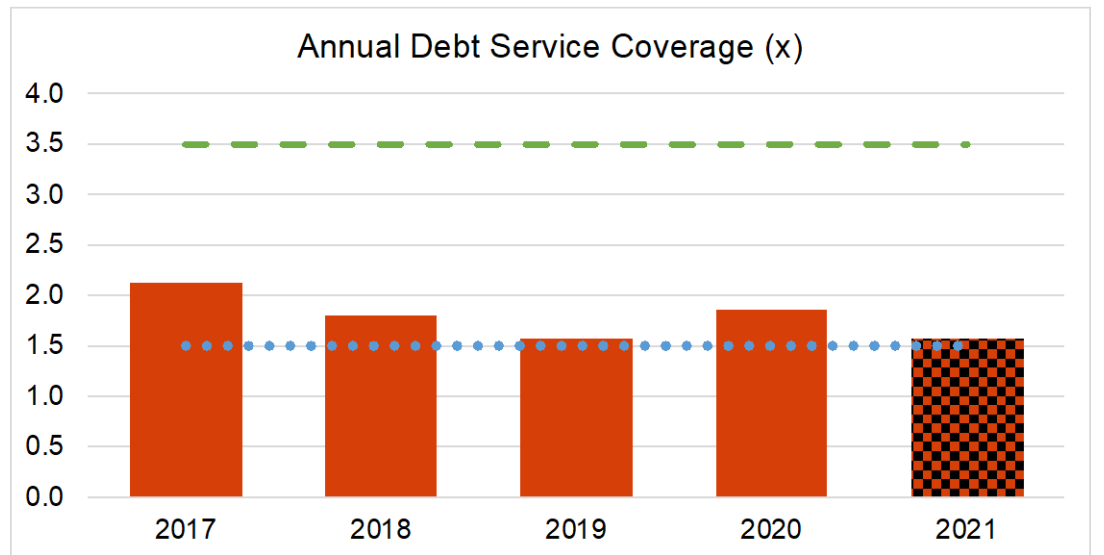
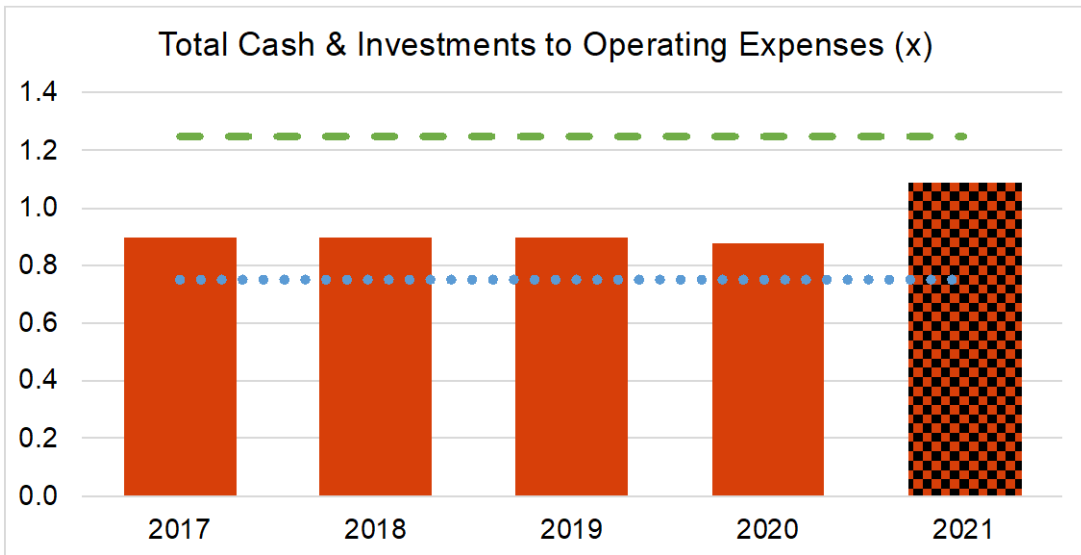
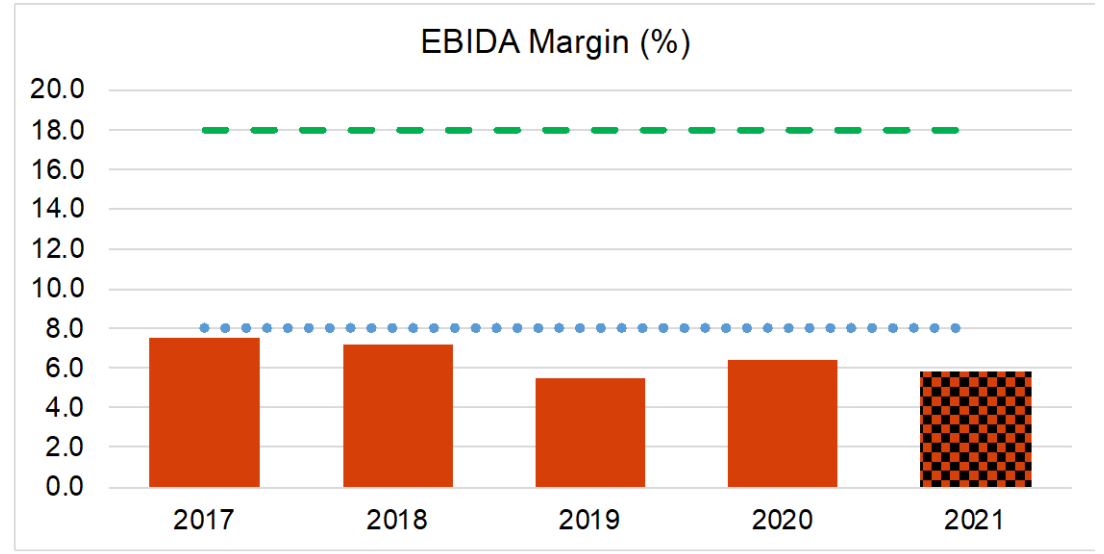
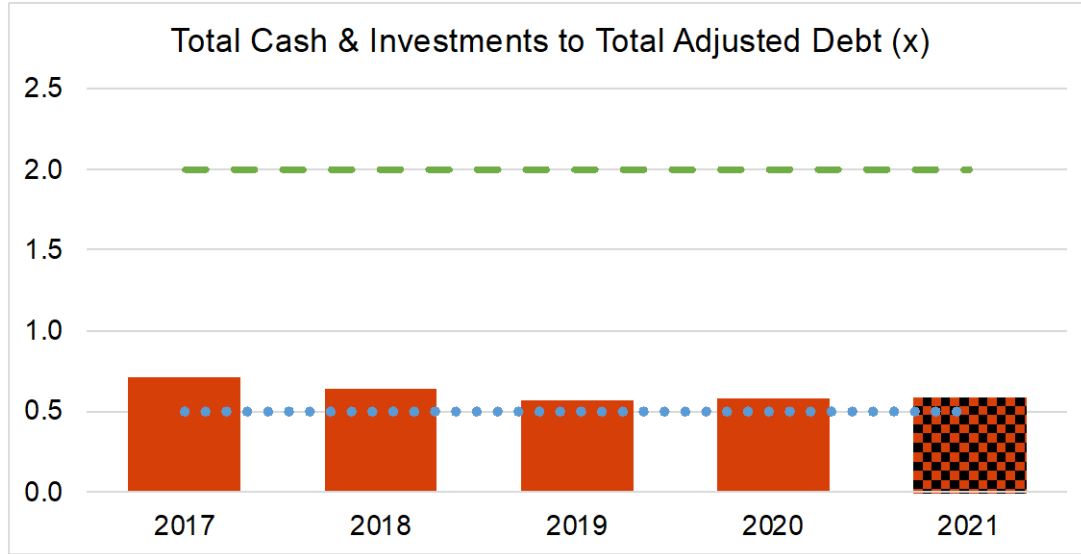
Finance & Administration Committee
April 7, 2022



Goals for the Discussion

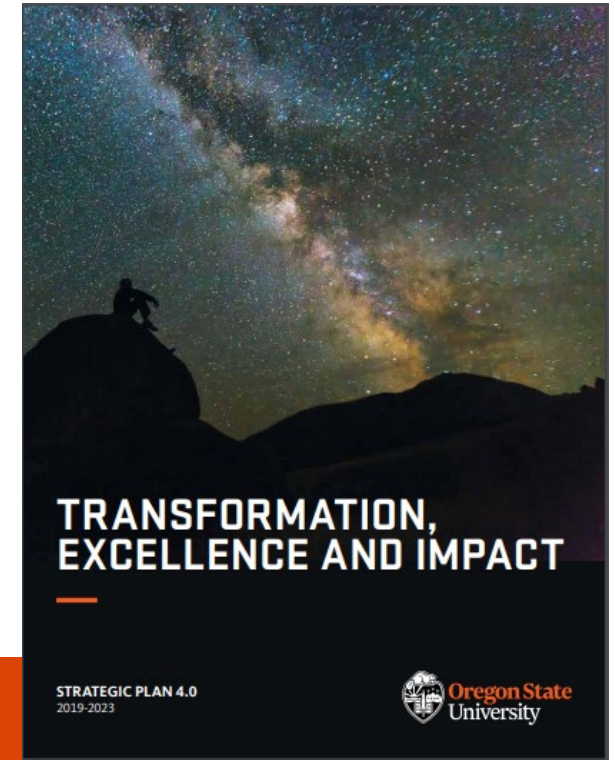
- Brief review of the FY21 financial statement metrics
- Review of major components of the ten-year capital forecast
- Highlights of the ten-year business forecast
 - Links to university's strategic plan (SP4.0)
 - Changes since January 2021
 - Key assumptions
 - Fund projections
 - Financial statement metrics
- Next steps
- Questions

FY2021 Financial Statement and Historical Metrics Item 5b



Ten-Year Capital Forecast – Annual Update Process Item 5b

Requirements Generation <ul style="list-style-type: none"> • President, Provost, and VPFA guidance • Facility Condition Assessments • Interview Deans and Departments • Update Recommendations to IWG 	Capital Planning and Development
Evaluation and Priority <ul style="list-style-type: none"> • Recommends forecast to Leadership 	Infrastructure Working Group (IWG)
Review	Provost, VPFA, SAVPA
Approval	President
Acceptance	Board of Trustees



- Prioritization Principles**
- Advance OSU’s Strategic Plan
 - Minimize Impact on Environmental and Financial Resources
 - Cultivate a Safer, More Equitable, Accessible and Welcoming Environment
 - Leverage Funding

Ten-year Capital Forecast Significant Changes

Collaborative Innovation Complex (CIC)

- Enhances and creates synergy for all of OSU's STEM research and education, featuring many colleges and organizations
- 150,000 square foot new building
- Weniger is demolished in course; uses site; \$70M reduction in deferred maintenance
- Houses gifted supercomputer
 - Energy harvested will heat CIC and other buildings
- FY23-25 State capital request at \$75M
- \$75M in gifts and \$16M CIR for Weniger Demo

CIC Program Related Projects

- Heat Plant Repurpose
- Plageman Repurpose
- Gilbert, Gilbert Addition, and Gleeson Renewal
- Engineering Triangle Renewal



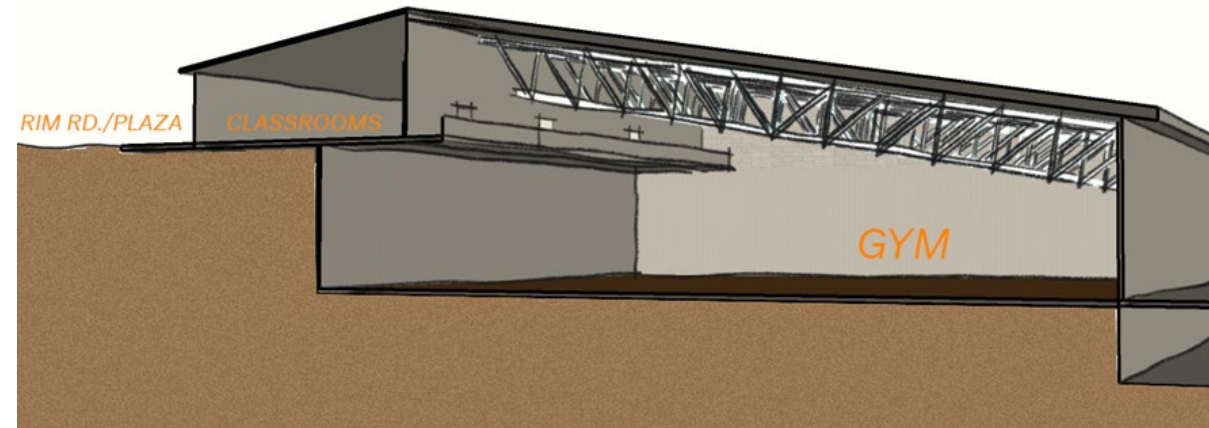
Conceptual rendering of the Collaborative Innovation Complex

Ten-year Capital Forecast Significant Changes

Item 5b

OSU Cascades Health Sciences and Recreation Center

- Approximately 71,000 square foot new building
- Multi-use providing Academic, Research and Recreational space
- Major factor for student and faculty recruitment
- FY23-25 State capital request at \$45M
- E&G and Student Fee supported at \$15M



Rendering of OSU-Cascades Health Sciences and Recreation Center

Ten-year Capital Forecast – Impact

By funding category

- State Paid Bonds \$ 449M
- State Paid CIR \$ 181M
- OSU Paid Bonds \$ 240M
- E&G CIR \$ 158M
- Gifts, Partnerships & Other Funds \$1,092M
- **Total** **\$2,120M**

Building Space

OSU Corvallis (E&G)

- New 150 KSF
- Renovation 699 KSF
- Demolition 281 KSF
- Footprint Reduction 131 KSF
- Deferred Maintenance Removed ≈\$640M

OSU-Cascades (E&G)

- New 174 KSF



Heat Plant Repurposing

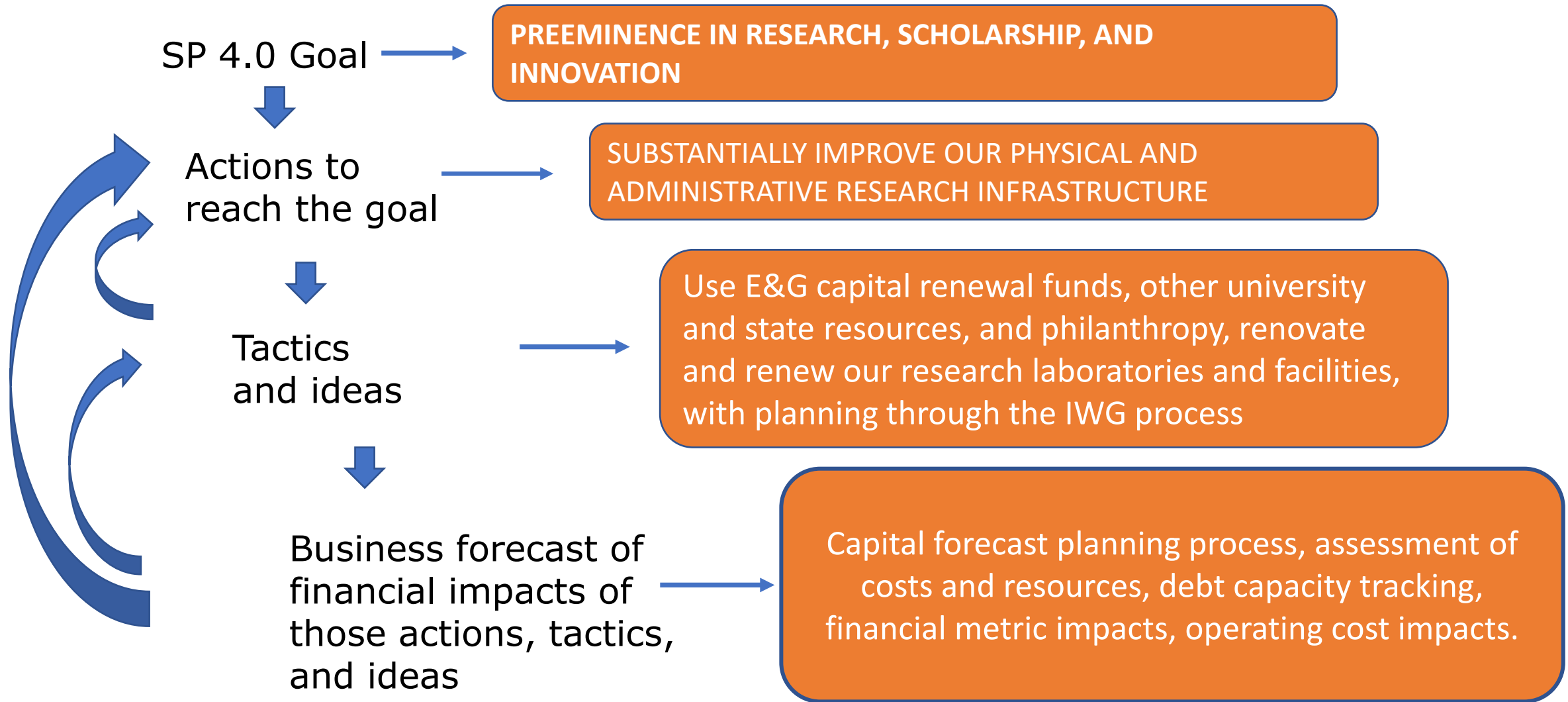
KSF = thousand square feet

Ten-year Business Forecast—Approach

The Forecast is a long-term view of the aggregate impact of near-term operating and capital decisions made in support of the university's strategic plan

- Institutional level all-funds projection of revenues and expenses
- Informed by high-level impacts of initiatives (*financial aid strategies, large research project goals*) with financial impact
- Projected costs of ten-year capital forecast
- Average rates of expense and revenue increases (salary rates, tuition rates, etc.)
- Built from FY21 audited financial statements
- Projects financial information out ten years, with associated metrics
- Includes both operating statement and balance sheet views

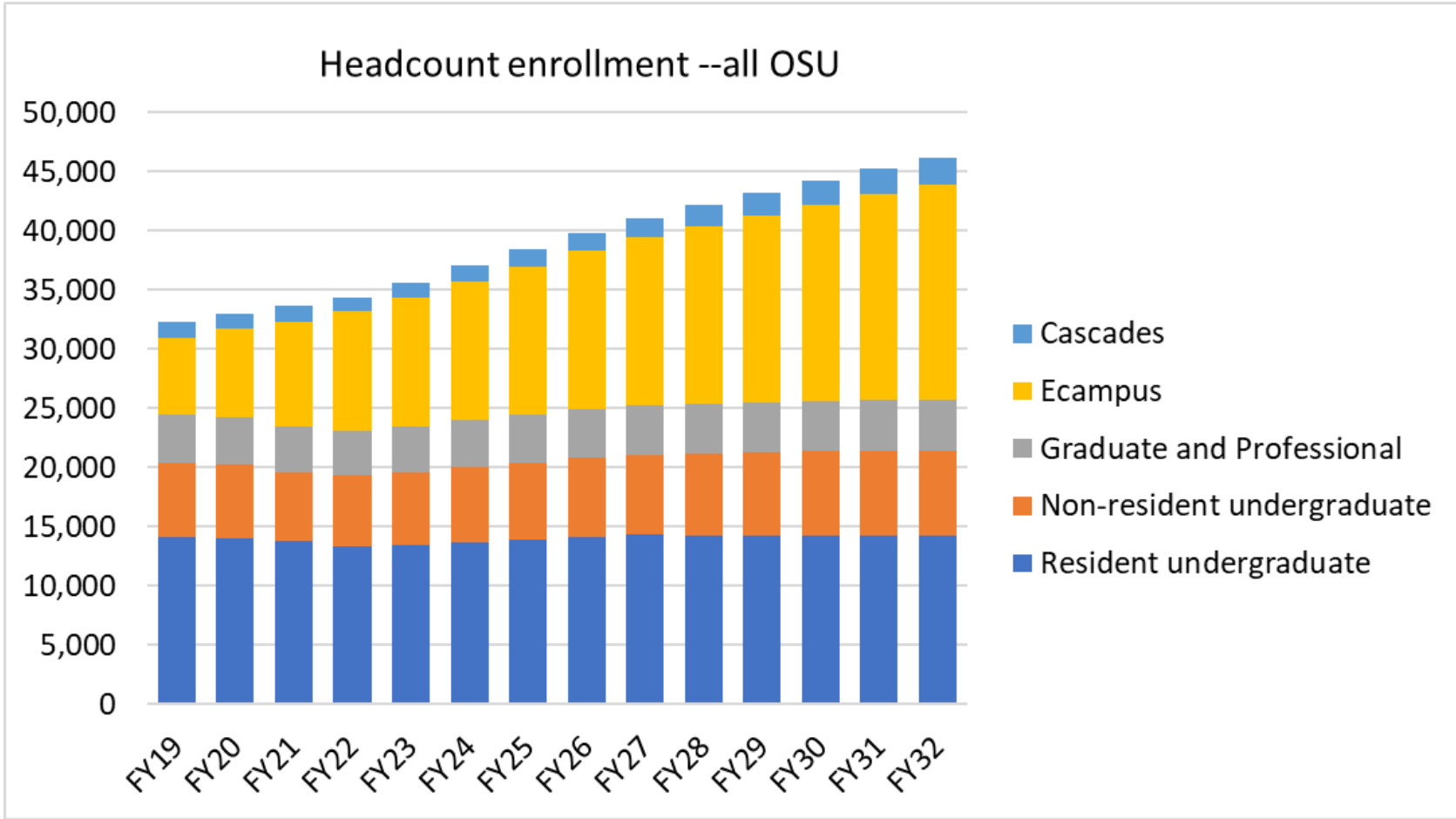
Ten-year Business Forecast—Strategic Plan



Ten-year Business Forecast—Changes since Jan. 2021

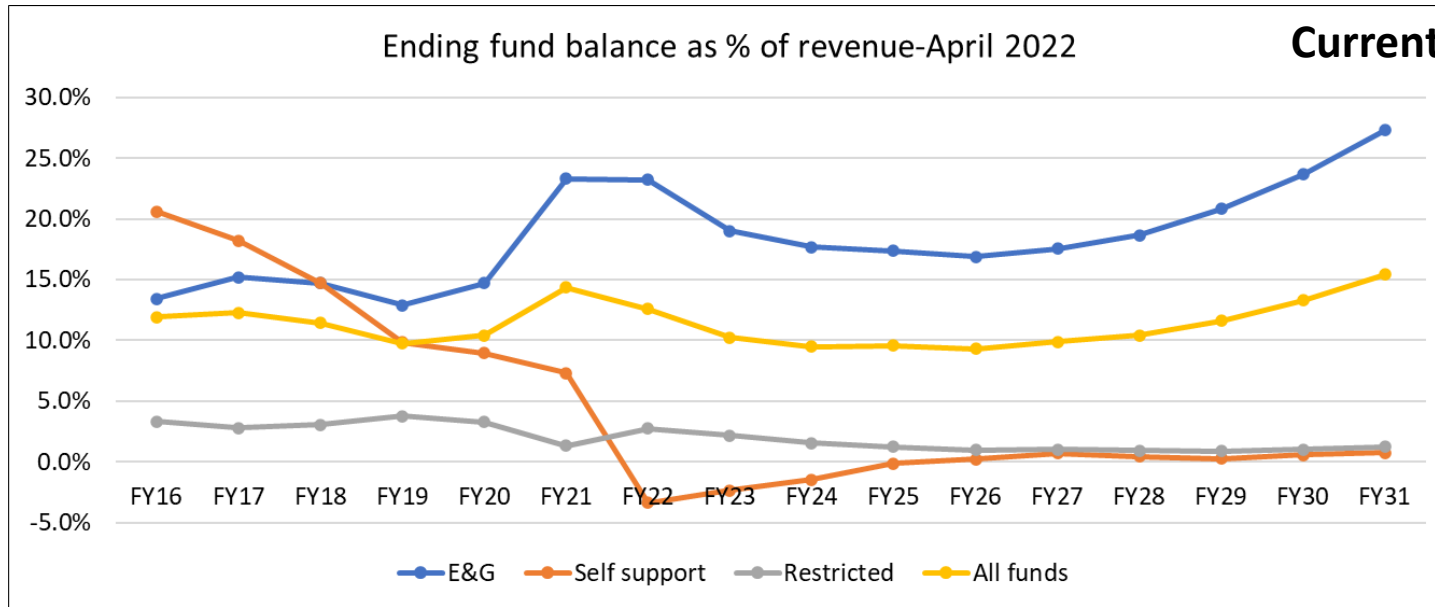
- Actual results for FY21 including impacts of federal relief funds
- Current projections for FY22 through FY32 for all funds
- Revised enrollments with January 2021 initiatives into the base scenario
- Projections adjusted for E&G for FY23 and FY24 for pandemic impacts
- Included significant increases in institutional financial aid awards
- Adjusted Athletics and UHDS for FY23 and FY24 to reflect likely trends
- Updated the capital forecast
- Reviewed and updated salary, benefit, tuition, enrollment and other rate changes as appropriate

Ten-year Business Forecast—Enrollment Foundation

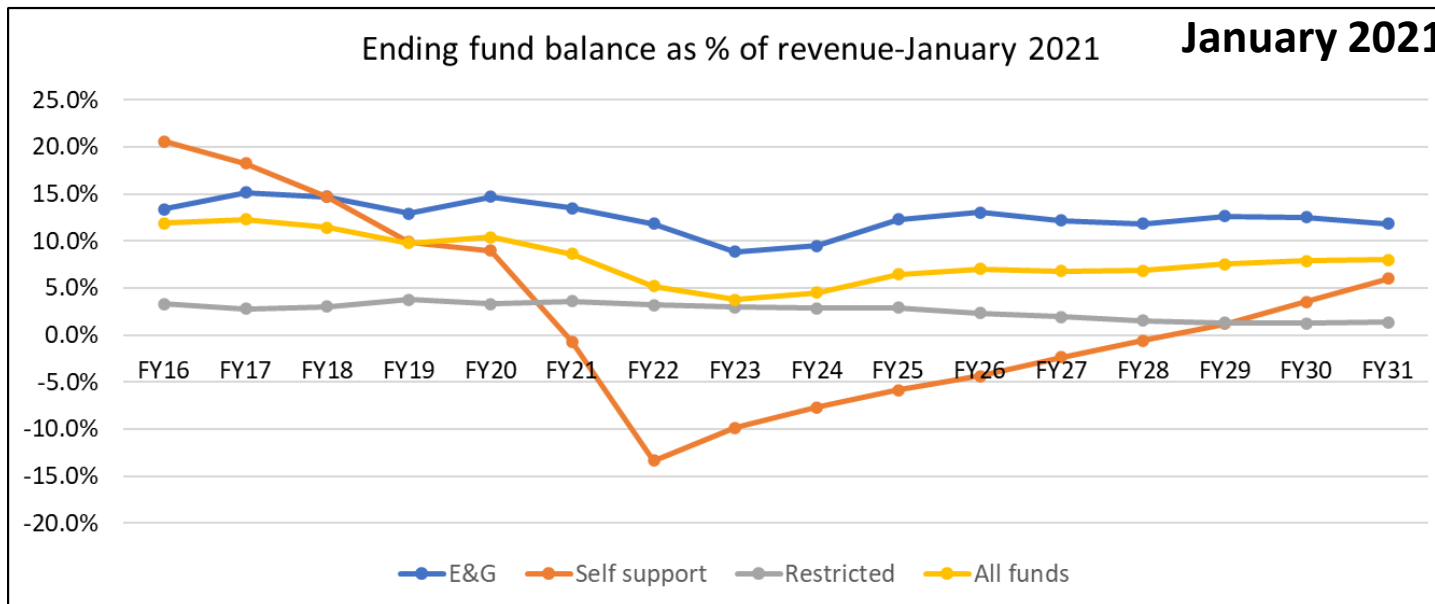


- Continued growth particularly in Ecampus
- Steady Cascades growth
- Relatively flat resident undergraduates in Corvallis
- Non-resident undergraduates grow but fewer international, more domestic
- Corvallis above 25,000, totals above 45,000

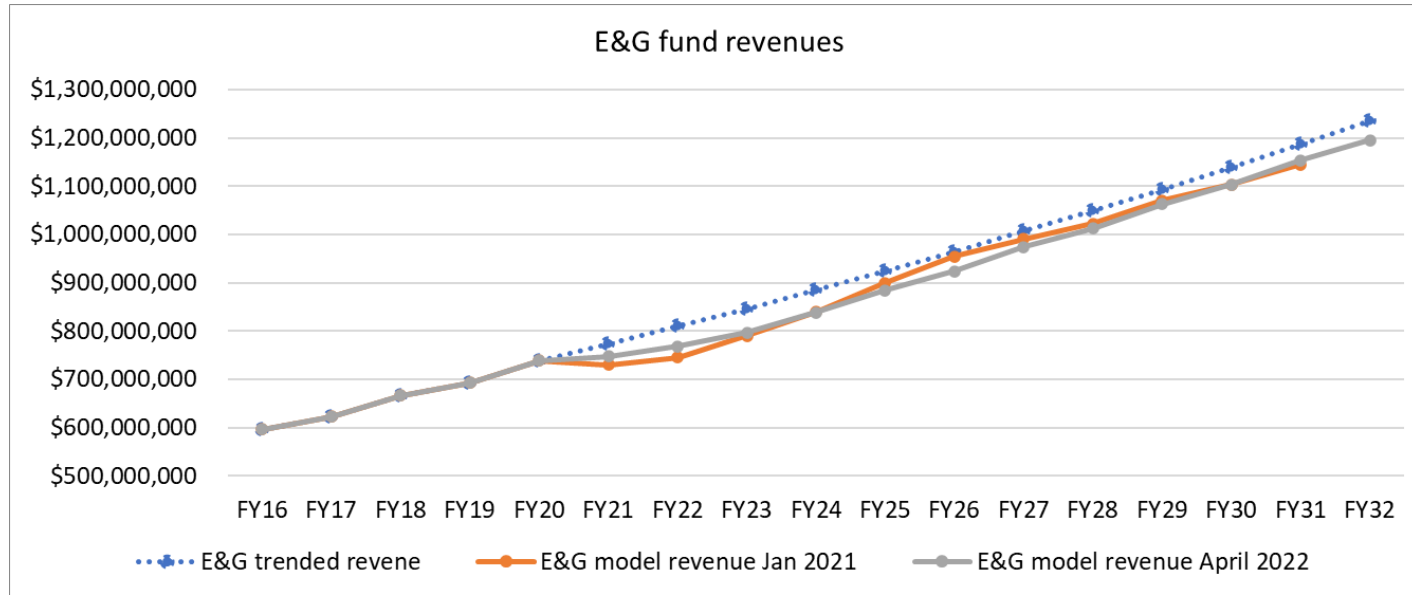
Ten-year Business Forecast—All Fund Projections



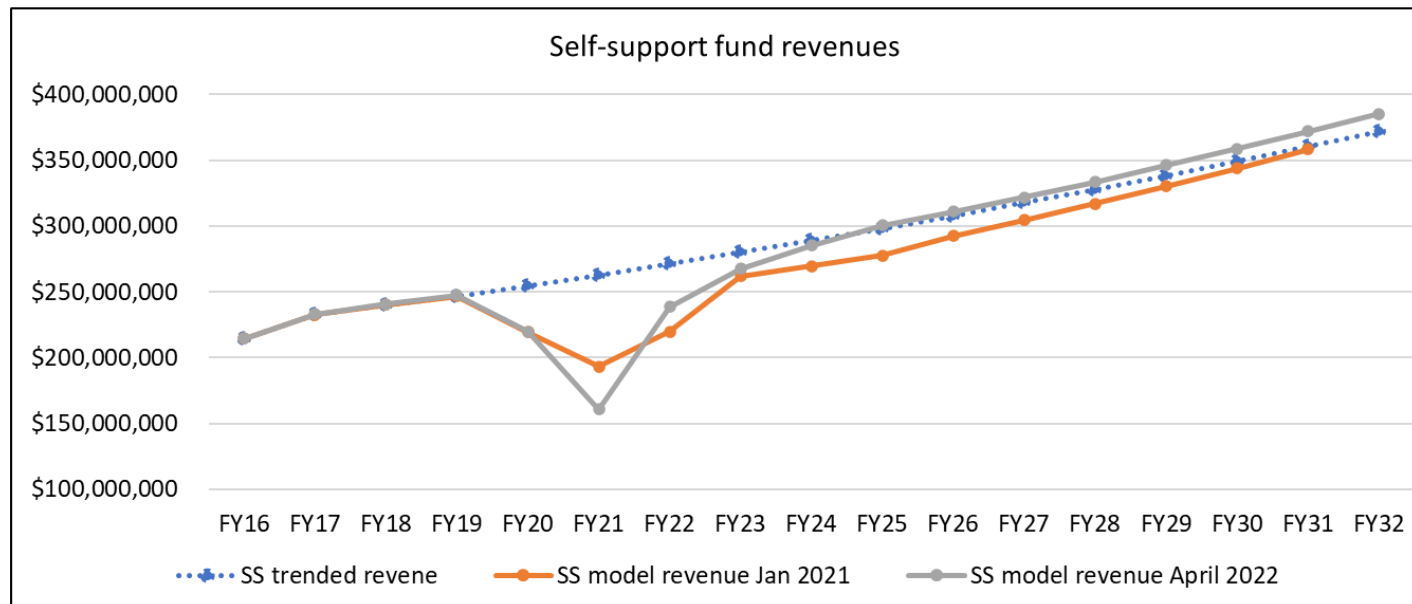
- E&G balances higher— federal money, unspent capital and Outdoor School
- Significant losses in self-supports but substantially less than expected in January 2021
- Long-term task for self-supports to generate positive fund balances again
- Institutional balances at or above the 10% to 20% threshold



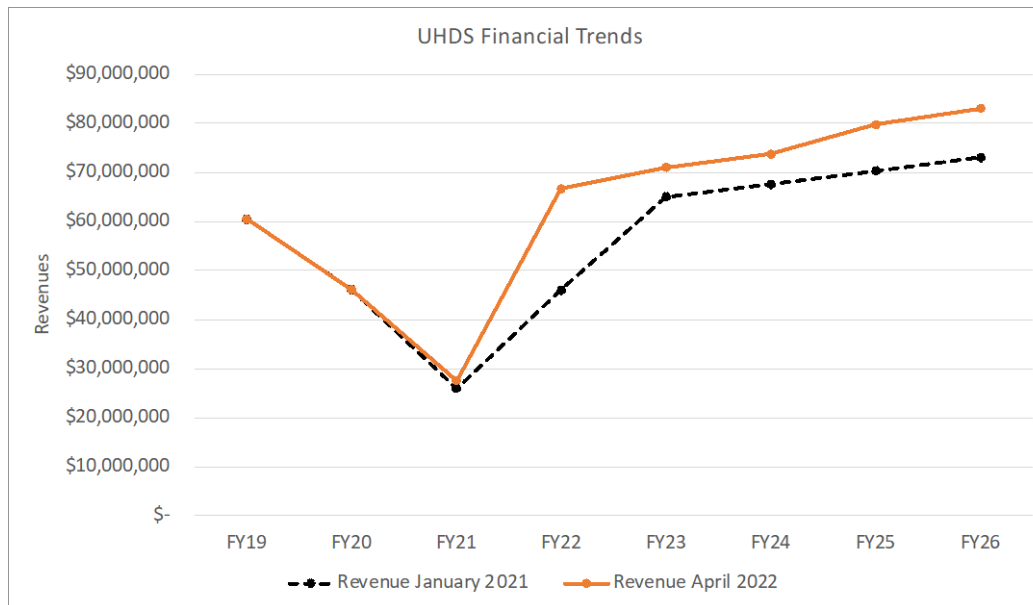
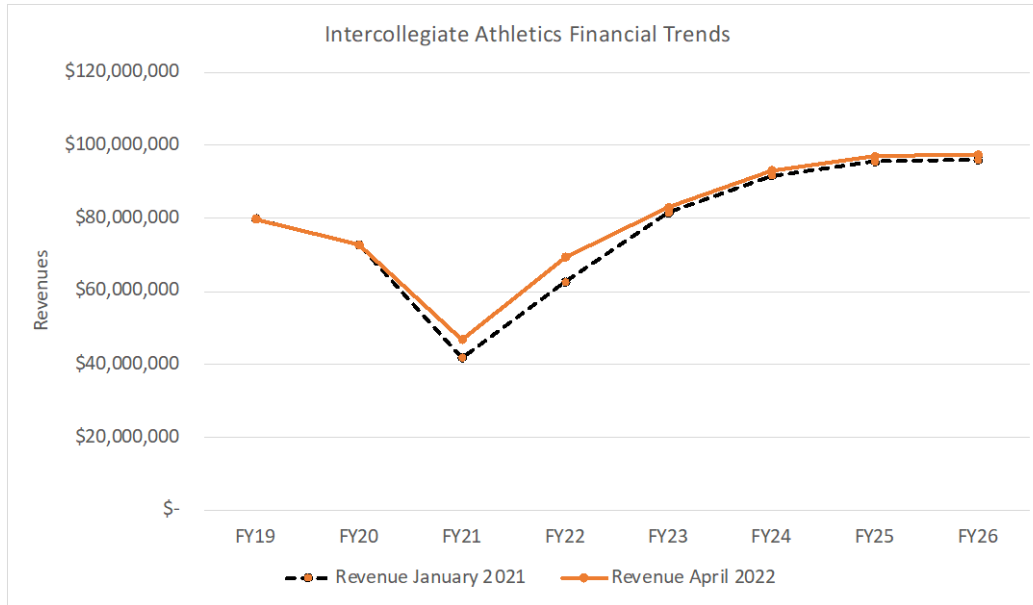
Ten-year Business Forecast—Revenue Growth FAC Agenda Item 5b



- E&G revenues regain growth trajectories but not absolute pre-pandemic levels
- The revenue losses in self-supports were worse than forecast. Recovery is expected to be more rapid based on FY22 results to date.



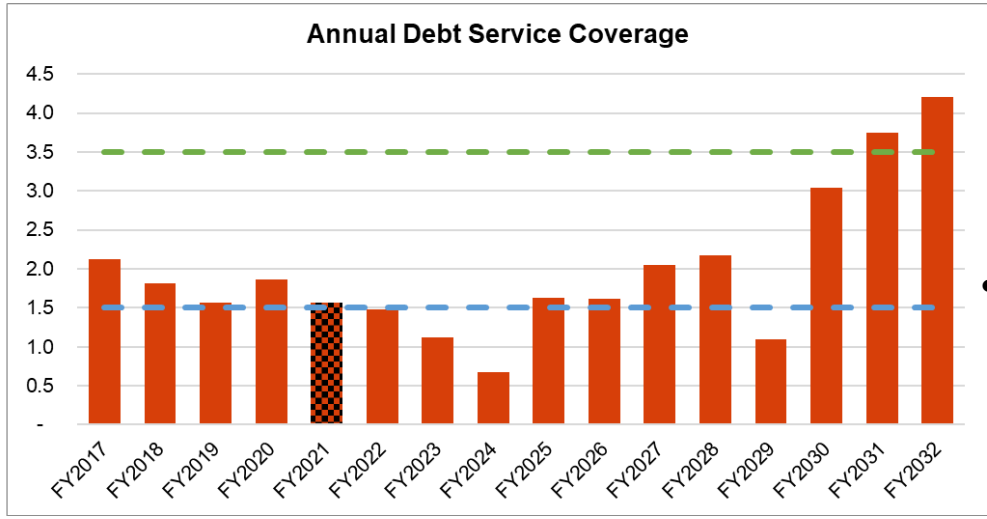
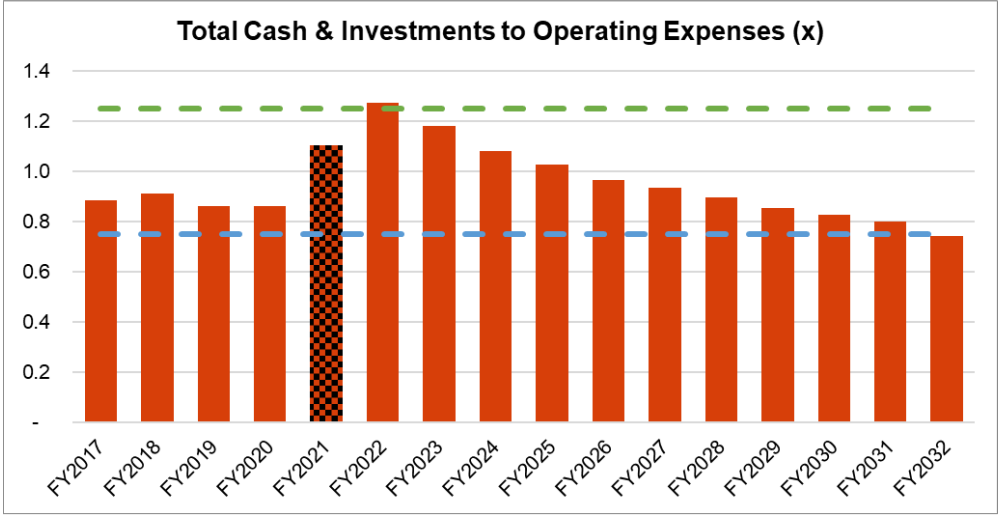
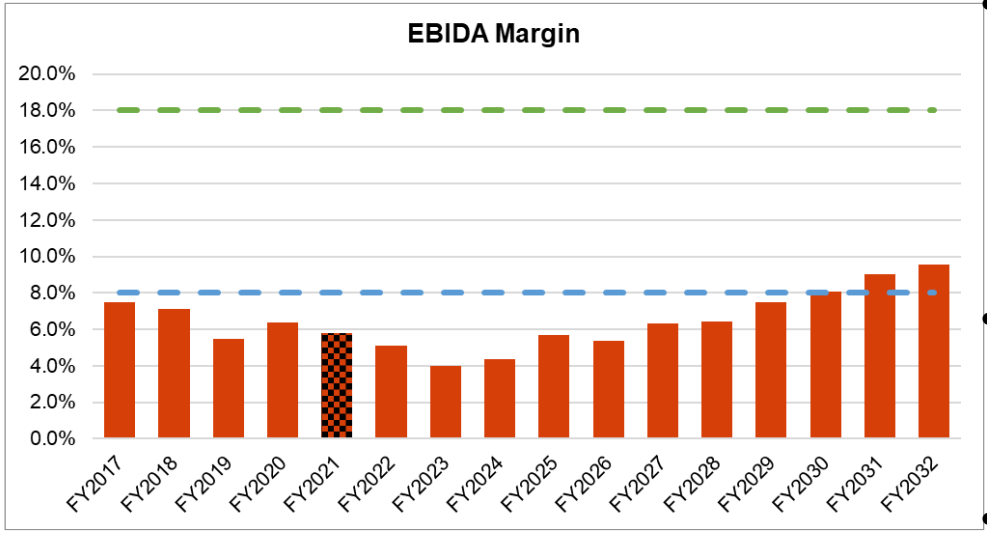
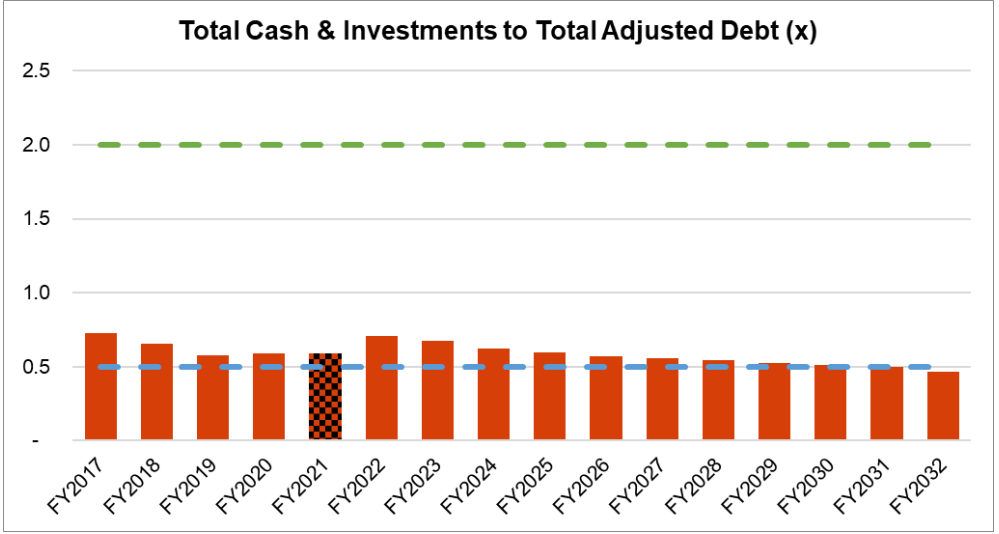
Ten-year Business Forecast—UHDS and Athletics



Athletics and UHDS largest dollar losses in self-supports

- Athletics better than forecast, but similar to January 2021
- UHDS much stronger recovery in FY22 than originally forecast and a quicker return to pre-pandemic operations

Ten-year Business Forecast—Metrics



- Despite the pandemic challenges, metrics largely stay in desired ranges
- Pension liability growth impacts total adjusted debt
- EBIDA margin improves as revenue growth outpaces expense increases
- Debt service coverage improves with higher EBIDA margin and lower debt service

Ten-year Business Forecast—Next Steps

- Review FY22 forecast to actual expense and revenue drivers to inform forecast assumptions
- Review and update enrollment after fall 4th week
- Update model with audited FY22 financials
- Continue IWG process refining the Capital Forecast
- Plan for regular updates to the Board and university leadership on the forecast (both capital and the full forecast)

Questions?