

FY2022 Q4 OSU Operating Management Report

BACKGROUND

Oregon State University's fiscal year (FY) 2022 fourth quarter (Q4, Apr. 1– Jun. 30, 2022) Operating Management Report presents the fiscal year-end operating results as of June 30, 2022 for the three operating fund groups: Education and General, Self-Support, and Restricted funds. Detailed reports can be found in Attachment 1.

Q4 OPERATING MANAGEMENT REPORT

Actual revenue for the Education & General funds were higher than budgeted. The operating reserve is 24.2% of revenues (\$187.3M on total actual revenues of \$773.9M) compared to a budgeted operating reserve of 22.4% of revenues (\$172.0M on budgeted revenues of \$769.0M). The operating reserve is above the board policy range of 20% due to Outdoor School (\$28.5M or 3.7% fund balance).

Self-Support funds ended the year with an operating reserve of 9.5% of revenues (\$23.8M on total actual revenues of \$250.3M) compared to a budgeted operating reserve of -7.3% of revenues (\$-16.6M on budgeted revenues of \$227.3M).

Restricted funds net assets were on target with the budget. Ending net assets were \$9.8M on total actual revenues of \$456.9M compared to the budgeted net assets of \$9.8M on budgeted revenues of \$447.9M.

For all funds, changes from third quarter projections are discussed below and in the footnotes to Attachment 1.

Accountability for material variances from the prior quarter projection compared to the year-end amounts for any report category is provided by highlighting those changes that are greater than 1%, plus or minus, of total operating revenues for further analysis and reporting to the committee.

The breakdown and discussion of the variances in the FY2022 Q4 report for each major operating fund type are as follows:

EDUCATION AND GENERAL

For the Education and General funds, the following item is of note:

Personnel Services – The \$8.2M negative variance was primarily due to the recognition of \$12.1M in personnel services due to an adjustment to properly record the contribution to the PERS side account and the related matching contribution that was required by GASB 68, Accounting and Financial Reporting for Pensions, and a reduction in the compensated absences liability of \$4.8M.

SELF-SUPPORT

For Self-Support funds, the following items are of note:

Sales & Services – The \$6.1M positive variance for the quarter is due primarily to greater than anticipated revenue for Athletics sponsorship income, as well as increased baseball ticket and concessions sales of \$5.9M. University Housing & Dining Services (UHDS) saw better-than-anticipated student resident retention of \$1.4M, which was offset by a \$1.2M decrease in revenue to the Seed Certification and Seed Testing Laboratory caused by drought and high heat conditions that impacted the number of samples analyzed.

Personnel Services – The \$3.4M positive variance for the quarter is due primarily to hiring challenges and vacancies of \$1.4M in Athletics and \$1.2M in UHDS.

Supplies & Services & Capital Outlay – The \$8.1M positive variance for the quarter is due primarily to \$3.8M in savings and scholarships in Athletics. Additionally, UHDS costs decreased by \$2.4M due to supply chain challenges delaying purchases to next fiscal year, and utility and food costs were less than forecasted. Network Services moved \$2.0M in equipment costs to a long-term receivable that will be repaid over the next six years by Link Oregon, a non-profit consortium bringing high-speed broadband access to state residents.

Transfers Out – The \$4.1M positive variance for the quarter is due primarily to UHDS deferring capital renewal projects until next year.

Fund Additions/Deduction -The \$4.4M variance for the quarter is due primarily to \$2.8M COVID debt relief repayment by UHDS and \$0.4M in principal payments due to project completions. Network services had principal payments of \$0.9M for an equipment loan and \$2.0M in equipment costs moved to a long-term receivable that will be repaid over the next six years by Link Oregon. This is offset by \$1.7M Athletics principal payment funded with foundation funds.

RESTRICTED

For Restricted funds, the following items are of note:

Federal – The \$4.8M negative variance for the quarter is due primarily to slower-than-anticipated spending on the Regional Class Research Vessel (RCRV).

Supplies & Services & Capital Outlay – The \$12.2M positive variance for the quarter is due primarily to slower-than-anticipated spending on the RCRV. In August 2021, Hurricane Ida hit the area, causing flooding, power outages, wind damage and difficulty in retaining skilled labor in the area.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY2022 Q4 Operating Management Report.

Oregon State University
Quarterly Operating Management Report
(Unaudited, for management purposes only)

As of June 30, 2022
For the Fiscal Year Ended June 30, 2022

(in thousands except enrollment)

EDUCATION & GENERAL

	YTD Actual				Budget & YE Projection			Notes
	A	B	C	6/30/2021	D	E	F	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	YE Projected 6/30/2022	Chg from prior qtr. projection	
State General Fund	\$260,758	100%	n/a	\$247,675	\$245,851	\$260,037	\$721	
Tuition & Resource Fees, net of Waivers	401,907	100%	n/a	389,707	415,446	400,837	1,070	
Other	111,243	104%	n/a	110,494	107,748	106,686	4,557	
Total Revenues	773,908			747,876	769,045	767,560	6,348	
Personnel Services	(585,801)	101%	n/a	(552,317)	(578,571)	(577,578)	(8,223)	(1)
Supplies & Services & Capital Outlay	(178,290)	101%	n/a	(140,734)	(181,660)	(177,379)	(911)	
Total Expenditures	(764,091)			(693,051)	(760,231)	(754,957)	(9,134)	
Net from Operations	9,817			54,825	8,814	12,603	(2,786)	
Transfers In	32,598			27,270	3,214	31,977	621	
Transfers Out	(29,287)			(16,484)	(14,216)	(27,614)	(1,673)	
Fund Additions/(Deductions)	0			0	0	0	0	
Change in Unrestricted Net Assets	13,128			65,611	(2,188)	16,966	(3,838)	
Beginning Unrestricted Net Assets	174,183			108,572	174,183	174,183	0	
Ending Unrestricted Net Assets	\$187,311			\$174,183	\$171,995	\$191,149	(\$3,838)	
% Operating Revenues	24.2%			23.3%	22.4%	24.9%		
Student FTE Enrollment-YTD Summer thru Spring	28,693	100%	n/a	28,355	28,780	28,780	(87)	

(1) The \$8.2M negative variance was primarily due to the recognition of \$12.1M in personnel services due to an adjustment to properly record the contribution to the PERS side account and the related matching contribution that was required by GASB 68, Accounting and Financial Reporting for Pensions, and a reduction in the compensated absences liability of \$4.8M.

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2022
For the Fiscal Year Ended June 30, 2022

(in thousands)

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments

	YTD Actual				Budget & YE Projection			Notes
	A	B	C	6/30/2021 Prior Yr. Actual	D	E	F	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %		Budget	YE Projected 6/30/2022	Chg from prior qtr. projection	
Enrollment Fees	\$43,238	100%	n/a	\$41,503	\$41,703	\$43,391	(\$153)	
Sales & Services	164,712	104%	n/a	84,982	147,321	158,646	6,066	(2)
Other	42,379	105%	n/a	34,548	38,290	40,400	1,979	
Total Revenues	250,329			161,033	227,314	242,437	7,892	
Personnel Services	(115,115)	97%	n/a	(103,660)	(122,402)	(118,544)	3,429	(3)
Supplies & Services & Capital Outlay	(114,120)	93%	n/a	(91,074)	(122,982)	(122,196)	8,076	(4)
Total Expenditures	(229,235)			(194,734)	(245,384)	(240,740)	11,505	
Net from Operations	21,094			(33,701)	(18,070)	1,697	19,397	
Transfers In	18,966			39,507	9,085	18,788	178	
Transfers Out	(11,708)			(5,529)	(7,094)	(15,798)	4,090	(5)
Additions/(Deductions) to Unrestricted Net Assets	(16,273)			(8,209)	(12,274)	(11,864)	(4,409)	(6)
Change in Unrestricted Net Assets	12,079			(7,932)	(28,353)	(7,177)	19,256	
Beginning Unrestricted Net Assets	11,725			19,658	11,725	11,725	0	
Ending Unrestricted Net Assets	\$23,804			\$11,725	(\$16,628)	\$4,548	\$19,256	
% of Operating Revenues	9.5%			7.3%	-7.3%	1.9%		
Total Unrestricted Net Assets	\$211,115			\$128,230	\$155,367	\$195,697		
Days of Expenditures in Total Unrestricted Funds	78			50	56	72		

(2) The \$6.1M positive variance for the quarter is due primarily to greater than anticipated revenue for Athletics sponsorship income, as well as increased baseball ticket and concessions sales of \$5.9M. University Housing & Dining Services (UHDS) saw better-than-anticipated student resident retention of \$1.4M which was offset by a \$1.2M decrease in revenue to the Seed Certification and Seed Testing Laboratory caused by drought and high heat conditions that impacted the number of samples analyzed.

(3) The \$3.4M positive variance for the quarter is due primarily to hiring challenges and vacancies of \$1.4M in Athletics and \$1.2M in UHDS.

(4) The \$8.1M positive variance for the quarter is due primarily to \$3.8M in savings and scholarships in Athletics. Additionally, UHDS costs decreased \$2.4M due to supply chain challenges delaying purchases to next fiscal year, and utility and food costs were less than forecasted. Network Services moved \$2.0M in equipment costs to a long-term receivable that will be repaid over the next six years by Link Oregon, a non-profit consortium bringing high-speed broadband access to state residents.

(5) The \$4.1M positive variance for the quarter is due primarily to UHDS deferring capital renewal projects until next year.

(6) The \$4.4M variance for the quarter is due primarily to \$2.8M COVID debt relief repayment by UHDS and \$0.4M in principal payments due to project completions. Network services had principal payments of \$0.9M for an equipment loan and \$2.0M in equipment costs moved to a long-term receivable that will be repaid over the next six years by Link Oregon. This is offset by \$1.7M Athletics principal payment funded with foundation funds.

October 27-28, 2022 Board of Trustees Meetings

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2022
For the Fiscal Year Ended June 30, 2022

(in thousands)

RESTRICTED FUNDS

	YTD Actual				Budget & YE Projection			Notes
	A	B	C		D	E	F	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	6/30/2021 Prior Yr. Actual	Budget	YE Projected 6/30/2022	Chg from prior qtr. projection	
Federal	\$336,156	99%	n/a	\$313,306	\$324,500	\$341,000	(\$4,844)	(7)
State	25,681	86%	n/a	23,890	22,890	30,000	(4,319)	
Other	95,087	100%	n/a	90,173	100,528	95,500	(413)	
	456,924			427,369	447,918	466,500	(9,576)	
Personnel Services	(152,209)	99%	n/a	(145,842)	(148,006)	(154,000)	1,791	
Supplies & Services & Capital Outlay	(267,778)	96%	n/a	(260,602)	(292,320)	(280,000)	12,222	(8)
Total Expenditures	(419,987)			(406,444)	(440,326)	(434,000)	14,013	
Net from Operations	36,937			20,925	7,592	32,500	4,437	
Transfers In	21			3	14	70	(49)	
Transfers Out	(32,893)			(28,287)	(3,500)	(32,105)	(788)	
Additions/(Deductions) to Restricted Net Assets	0			(0)	0	0	0	
Change in Restricted Net Assets	4,065			(7,359)	4,106	465	3,600	
Beginning Restricted Net Assets	5,724			13,083	5,724	5,724	0	
Ending Restricted Net Assets	\$9,789			\$5,724	\$9,830	\$6,189	\$3,600	
% of Operating Revenues	2.1%			1.3%	2.2%	1.3%		

(7) The \$4.8M negative variance for the quarter is due primarily to slower-than-anticipated spending on the Regional Class Research Vessel (RCRV).

(8) The \$12.2M positive variance for the quarter is due primarily to slower-than-anticipated spending on the RCRV. In August 2021, Hurricane Ida hit the area causing flooding, power outages, wind damage and difficulty in retaining skilled labor in the area.

OREGON STATE UNIVERSITY
Transfers schedule
(in \$000's)

As of June 30, 2022
For the Fiscal Year Ended June 30, 2022

			Self-Support									
	E&G		Auxiliary		Designated Operations & Service Departments		Plant fund		Restricted		Other	Total
Transfers In - E&G			\$820		\$3,194 (d)		\$5,735		\$22,438		\$ 411	\$32,598
Transfers Out - E&G			16,266 (a)		2,338 (b)		10,667 (c)		16		0	29,287
Transfers In - Auxiliary	\$16,266 (a)						151		120			16,537
Transfers Out - Auxiliary	820						6,745 (c)				-	7,880
Transfers In - Designated Operations & Service Departments	2,338 (b)						91		0		0	2,429
Transfers Out - Designated Operations & Service Departments	3,194 (d)						634					3,828
Transfers In - Restricted	16						5					21
Transfers Out - Restricted	22,438		120				10,335 (c)					32,893

(a) \$8.0M support for athletics

(b) subsidies from E&G for supporting Designated Operations and Service Departments

(c) transfers to plant fund for remodels and space renovations

(d) mainly transfer of royalties to E&G