

FY2023 Q4 OSU Operating Management Report

BACKGROUND

Oregon State University's fiscal year (FY) 2023 fourth quarter (Q4, Apr. 1– Jun. 30, 2023) Operating Management Report presents the fiscal year-end operating results as of June 30, 2023 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 22.4% of revenues (\$186.4M on total actual revenues of \$832.0M) compared to a budgeted operating reserve of 21.7% of revenues (\$174.6M on budgeted revenues of \$804.3M). The operating reserve is above the board policy range of 20% due to Outdoor School funding that is pending distribution (\$29.1M or 15.6% of the fund balance).

Self-Support funds ended the year with an operating reserve of 8.6% of revenues (\$23.7M on total actual revenues of \$273.7M) compared to a budgeted operating reserve of 3.5% of revenues (\$9.0M on budgeted revenues of \$252.7M).

Restricted funds net assets were lower than the budget. Ending net assets were \$9.1M on total actual revenues of \$494.5M compared to a budgeted operating reserve of 4.6% of revenues (\$22.0M on budgeted revenues of \$476.0M).

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 FY2023 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:

Supplies & Services & Capital Outlay – The \$10.5M negative variance is primarily due to \$6.3M more than anticipated in realized losses in the Public University Fund and \$4.5M expenses in Outdoor School from more participation than anticipated.

SELF-SUPPORT

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

Sales & Services – The \$5.1M positive variance for the quarter is primarily due to greater-than-anticipated revenue of \$3.3M in Athletics due to a slower-than-anticipated return of the Pac-12 network distribution overpayment, and increased ticket sales and concessions, as well as \$1.8M better than-anticipated student occupancy and retention for University Housing & Dining Services (UHDS).

Other – The \$3.1M positive variance for the quarter is primarily due to \$2.3M in the sale of NuScale shares, e-MSion contract milestone payment, and Solenis royalty payments. Additionally, Printing & Mailing revenue increased \$0.6M due to an increase in demand as well as completing several large projects that were not anticipated.

Supplies & Services & Capital Outlay – The \$3.5M negative variance for the quarter is primarily due to \$3.1M in Athletics for cost increases related to the Pac-12 office rebuild and relocation.

Fund Additions/Deduction – The \$4.2M positive variance for the quarter is due to Athletics use of \$1.8M in OSU Foundation funds for principal payments on debt, \$1.0M in UHDS projected for principal payments on a loan that was previously paid off in FY22, \$0.7M in Student Centers capital outlay purchases being delayed to FY24, and \$0.6M in Network Services principal payments, which were offset by a payment from Link Oregon.

RESTRICTED

For Restricted funds, the following items are of note:

Federal – The \$16.5M positive variance is primarily due to higher-than-anticipated expenditure reimbursements. These include \$7.8M PacWave funding, \$3.5M from Center for Oldest Ice Exploration, \$3.1M from Pell awards and \$2.6M from NSF NANOGrav Physics Frontiers Center.

State – The \$6.3M positive variance is primarily due to receiving additional need-based student aid from the State.

Other– The \$8.3M positive variance is primarily due to \$5.2M in additional gifts from the OSU Foundation to cover reimbursement of Athletic expenses, \$1.4M in scholarship increases, \$1.0M in gifts to cover Vet Med principal payments, and \$0.8M increase in Forestry gifts.

Supplies & Services & Capital Outlay – The \$22.7M negative variance is primarily due to \$7.4M use of additional need-based aid from the state, \$5.2M in Athletic reimbursed expenses, \$3.2M use of Pell aid and \$3.1M use of Oldest Ice Exploration grants.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY2023 Q4 Operating Management Report.

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

As of June 30, 2023
For the Fiscal Year Ended June 30, 2023

(in thousands except enrollment)

EDUCATION & GENERAL

	YTD Actual			Budget & YE Projection			Notes	
	A	B	C	D	E	F		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	6/30/2022 Prior Yr. Actual	Budget	YE Projected 6/30/2023	Chg from prior qtr. projection	
State General Fund	\$270,348	100%	n/a	\$260,758	\$266,518	\$270,348	\$0	
Tuition & Resource Fees, net of Waivers	432,881	100%	n/a	401,907	425,033	433,826	(945)	
Other	128,798	104%	n/a	111,243	112,745	123,720	5,078	
Total Revenues	832,027			773,908	804,296	827,894	4,133	
Personnel Services	(613,600)	101%	n/a	(585,801)	(609,082)	(609,440)	(4,160)	
Supplies & Services & Capital Outlay	(201,873)	105%	n/a	(178,290)	(195,426)	(191,403)	(10,470)	(1)
Total Expenditures	(815,473)			(764,091)	(804,508)	(800,843)	(14,630)	
Net from Operations	16,554			9,817	(212)	27,051	(10,497)	
Transfers In	4,784			32,598	5,663	4,181	603	
Transfers Out	(22,281)			(29,287)	(18,212)	(16,250)	(6,031)	
Fund Additions/(Deductions)	(0)			0	0	0	(0)	
Change in Unrestricted Net Assets	(943)			13,128	(12,761)	14,982	(15,925)	
Beginning Unrestricted Net Assets	187,311			174,183	187,311	187,311	0	
Ending Unrestricted Net Assets	\$186,368			\$187,311	\$174,550	\$202,293	(\$15,925)	
% Operating Revenues	22.4%			24.2%	21.7%	24.4%		
Student FTE Enrollment-YTD Summer thru Spring	29,836	102%	n/a	28,693	29,123	29,123	713	

(1) The \$10.5M negative variance for the quarter is primarily due to \$6.3M more than anticipated in realized losses in the Public University Fund and \$4.5M expenses in Outdoor school from more participation than anticipated.

FAC Agenda Item 5b – Attachment 1 Added Column Headers

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

As of June 30, 2023
For the Fiscal Year Ended June 30, 2023

	YTD Actual				Budget & YE Projection			Notes
	A	B	C	6/30/2022	D	E	F	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	YE Projected 6/30/2023	Chg from prior qtr. projection	
<i>(in thousands)</i>								
SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments								
Enrollment Fees	\$47,164	100%	n/a	\$43,238	\$46,681	\$46,964	\$200	
Sales & Services	175,466	103%	n/a	164,712	172,544	170,390	5,076	(2)
Other	51,109	107%	n/a	42,379	33,521	47,982	3,127	(3)
Total Revenues	273,739			250,329	252,746	265,336	8,403	
Personnel Services	(124,699)	98%	n/a	(115,115)	(129,501)	(126,946)	2,247	
Supplies & Services & Capital Outlay	(127,083)	103%	n/a	(114,120)	(119,801)	(123,631)	(3,452)	(4)
Total Expenditures	(251,782)			(229,235)	(249,302)	(250,577)	(1,205)	
Net from Operations	21,957			21,094	3,444	14,759	7,198	
Transfers In	10,571			18,966	9,649	11,230	(659)	
Transfers Out	(20,485)			(11,708)	(12,040)	(23,018)	2,533	
Additions/(Deductions) to Unrestricted Net Assets	(12,192)			(16,273)	(15,904)	(16,405)	4,213	(5)
Change in Unrestricted Net Assets	(149)			12,079	(14,851)	(13,434)	13,285	
Beginning Unrestricted Net Assets	23,804			11,725	23,804	23,804	0	
Ending Unrestricted Net Assets	\$23,656			\$23,804	\$8,953	\$10,370	\$13,285	
% of Operating Revenues	8.6%			9.5%	3.5%	3.9%		
Total Unrestricted Net Assets	\$210,024			\$211,115	\$183,503	\$212,663		
Days of Expenditures in Total Unrestricted Funds	72			78	64	74		

- (2) The \$5.1M positive variance for the quarter is primarily due to greater-than-anticipated revenue of \$3.3M in Athletics due to a slower-than-anticipated return of the Pac-12 network distribution overpayment, and increased ticket sales and concessions, as well as \$1.8M better than-anticipated student occupancy and retention for University Housing & Dining Services (UHDS).
- (3) The \$3.1M positive variance for the quarter is primarily due to \$2.3M in the sale of NuScale shares, e-MSion contract milestone payment, and Solenis royalty payments. Additionally, Printing & Mailing revenue increased \$0.6M due to an increase in demand as well as completing several large projects that were not anticipated.
- (4) The \$3.5M negative variance for the quarter is primarily due to \$3.1M in Athletics for cost increases related to the Pac-12 office rebuild and relocation.
- (5) The \$4.2M positive variance for the quarter is due to Athletics use of \$1.8M in OSU Foundation funds for principal payments on debt, \$1.0M in UHDS principal payments on a loan that was previously paid off in FY22, \$0.7M in Student Centers capital outlay purchases being delayed to FY24, and \$0.6M in Network Services principal payments, which were offset by a payment from Link Oregon.

FAC Agenda Item 5b – Attachment 1 Added Column Headers

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

As of June 30, 2023
For the Fiscal Year Ended June 30, 2023

	YTD Actual				Budget & YE Projection			Notes
	A	B	C	6/30/2022	D	E	F	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Projected YE 6/30/2023	Chg from prior qtr. projection	
<i>(in thousands)</i>								
RESTRICTED FUNDS								
Federal	\$348,530	105%	n/a	\$336,156	\$350,000	\$332,000	\$16,530	(6)
State	42,256	117%	n/a	25,681	30,000	36,000	6,256	(7)
Other	103,730	109%	n/a	95,087	96,000	95,402	8,328	(8)
	494,516			456,924	476,000	463,402	31,114	
Personnel Services	(168,256)	103%	n/a	(152,209)	(158,620)	(164,000)	(4,256)	
Supplies & Services & Capital Outlay	(302,651)	108%	n/a	(267,778)	(270,000)	(280,000)	(22,651)	(9)
Capital Outlay								
Total Expenditures	(470,907)			(419,987)	(428,620)	(444,000)	(26,907)	
Net from Operations	23,609			36,937	47,380	19,402	4,207	
Transfers In	0			21	20	521	(521)	
Transfers Out	(24,325)			(32,893)	(35,145)	(23,430)	(895)	
Additions/(Deductions) to Restricted Net Assets	(0)			0	0	0	(0)	
Change in Restricted Net Assets	(716)			4,065	12,255	(3,507)	2,791	
Beginning Restricted Net Assets	9,789			5,724	9,789	9,789	0	
Ending Restricted Net Assets	\$9,073			\$9,789	\$22,044	\$6,282	\$2,791	
% of Operating Revenues	1.8%			2.1%	4.6%	1.4%		

- (6) The \$16.5M positive variance is primarily due to higher-than-anticipated expenditure reimbursements. These include \$7.8M PacWave funding, \$3.5M from Center for Oldest Ice Exploration, \$3.1M from Pell awards and \$2.6M from NSF NANOGrav Physics Frontiers Center.
- (7) The \$6.3M positive variance is primarily due to receiving additional need-based student aid from the State.
- (8) The \$8.3M positive variance is primarily due to \$5.2M in additional gifts from the OSU Foundation to cover reimbursement of Athletic expenses, \$1.4M in scholarship increases, \$1.0M in gifts to cover Vet Med principal payments, and \$0.8M increase in Forestry gifts.
- (9) The \$22.7M negative variance is primarily due to \$7.4M use of additional need-based aid from the state, \$5.2M in Athletic reimbursed expenses, \$3.2M use of Pell aid and \$3.1M use of Oldest Ice Exploration grants.

FAC Agenda Item 5b – Attachment 1 Corrected Footnote Format

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

As of June 30, 2023
For the Fiscal Year Ended June 30, 2023

	Self-Support		Plant fund	Restricted	Other	Total
	E&G	Auxiliary				
Transfers In - E&G		\$291	\$2,919 (d)	\$1,063	\$327 \$ 184	\$4,784
Transfers Out - E&G		8,306 (a)	1,712 (b)	11,742 (c)	521	22,281
Transfers In - Auxiliary	\$8,306 (a)		426		94	8,826
Transfers Out - Auxiliary	291		16,236 (c)			16,527
Transfers In - Designated Operations & Service Departments	1,712 (b)		33			1,745
Transfers Out - Designated Operations & Service Departments	2,919 (d)		1,039 (c)			3,958
Transfers In - Restricted	0					0
Transfers Out - Restricted	327		23,998 (c)			24,325

- (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