

# FISCAL YEAR 2026 OSU OPERATING BUDGET

Finance and Administration Committee  
May 8, 2025



**Oregon State**  
University

# Item 4b: FY26 Operating Budget

- Annual Board action in the Spring to set next fiscal year's operating budget (OSU fiscal years are July 1 through June 30)
- Plan for today
  - High level summary information of the university's three operating funds
  - Review of internal budget development processes for FY26
  - Discussion of uncertainties for FY26 and beyond

# Background

- Board of Trustees reviews and approves the University's annual operating budget
- Proposed budget incorporates the financial impacts of estimated enrollment growth as well as tuition and fee rate changes
- FY2026 revenue estimates include assumptions about state appropriations and federal support that are not fully known
- Proposed operating budget for FY2026 of \$1.85B in revenue and \$1.84B in expenditures
- Budgeted expenses assume compensation increases (contractual and merit program)

# Overall Revenue

## \$1.85 billion

### Education & General (E&G)

Student tuition and fees

State funding

Research overhead revenue (F&A recovery)

### Self-support Operations

Auxiliary operating revenue

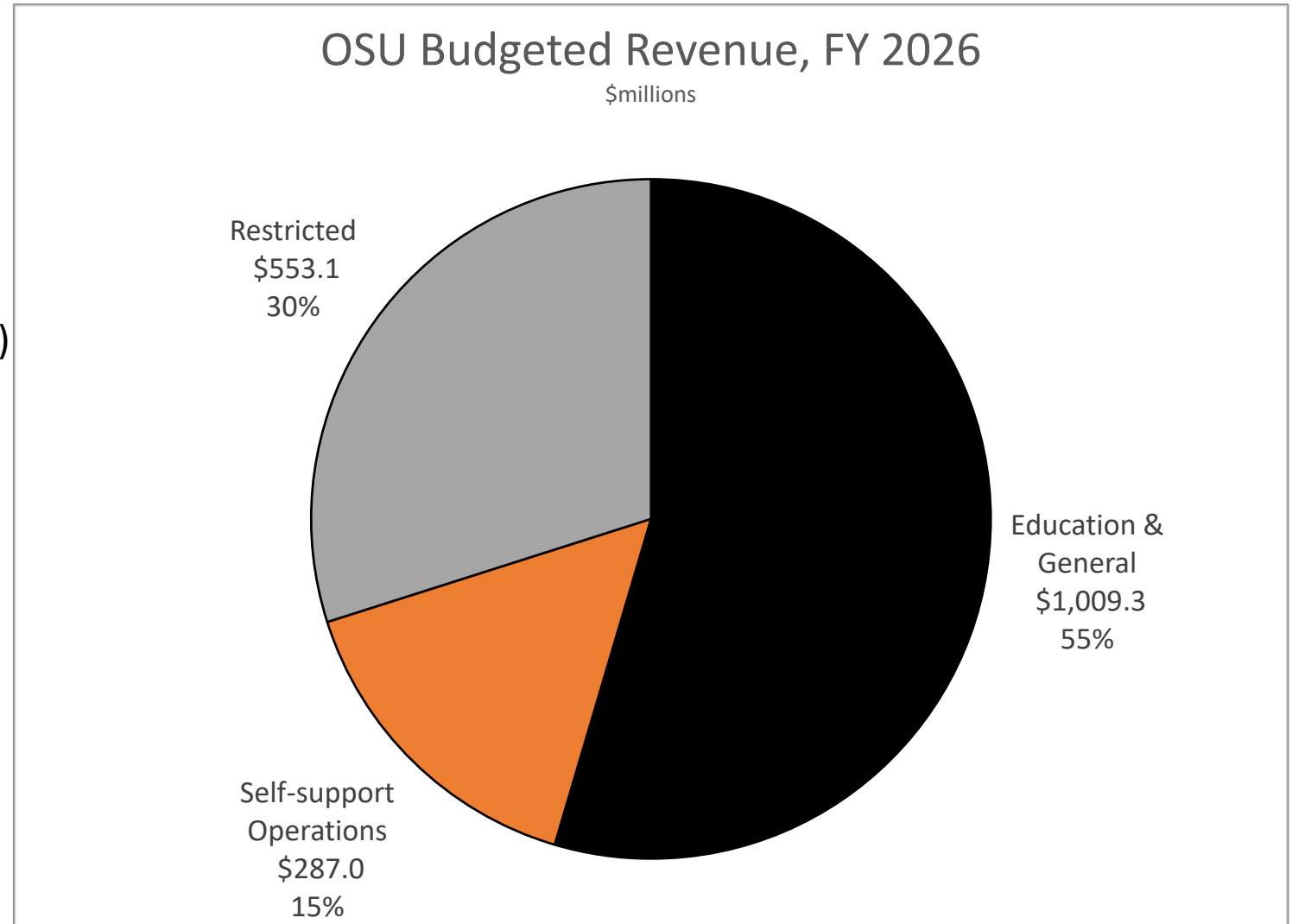
Sales and services

### Restricted

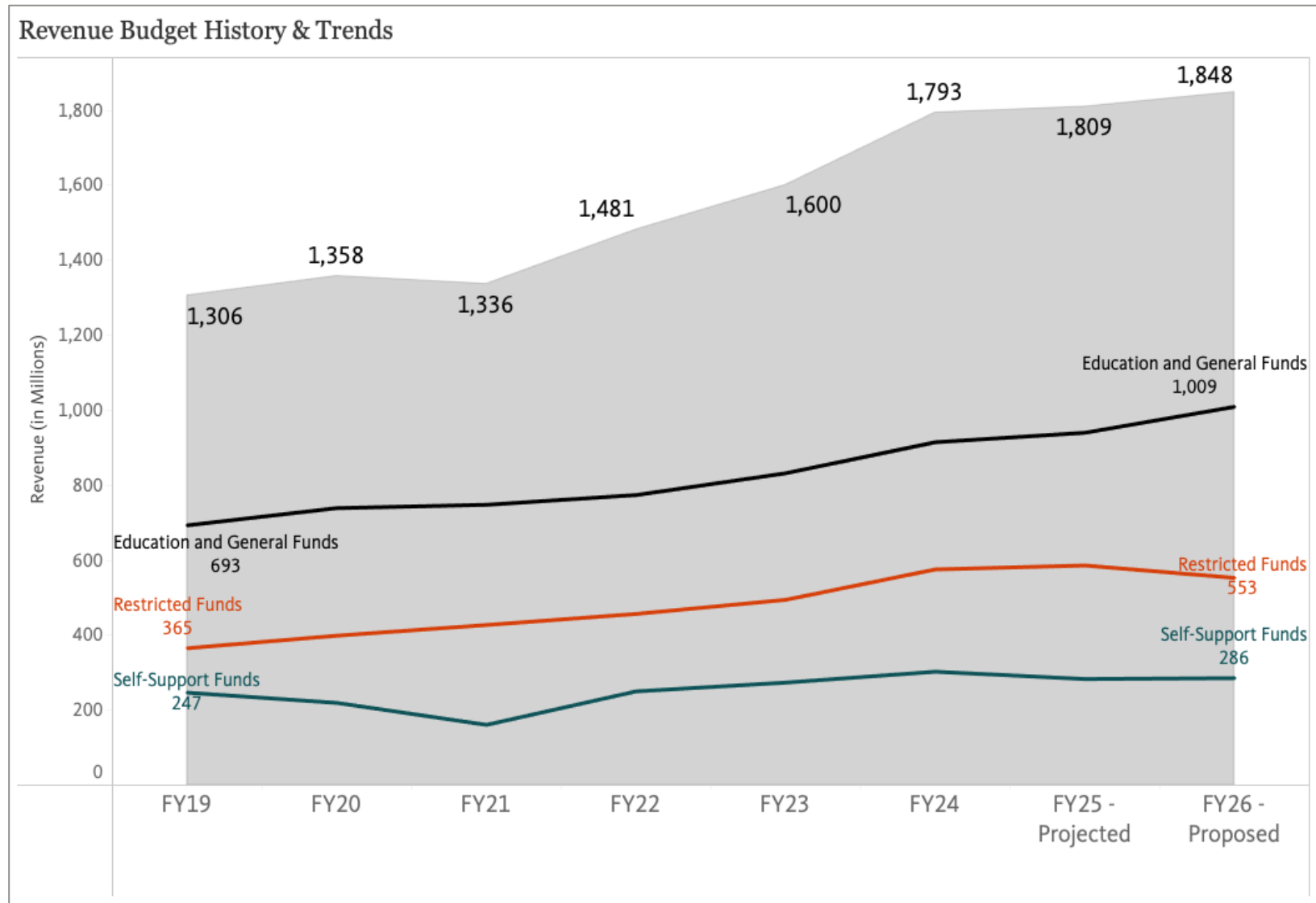
Federal, state grants

Federal and state financial aid

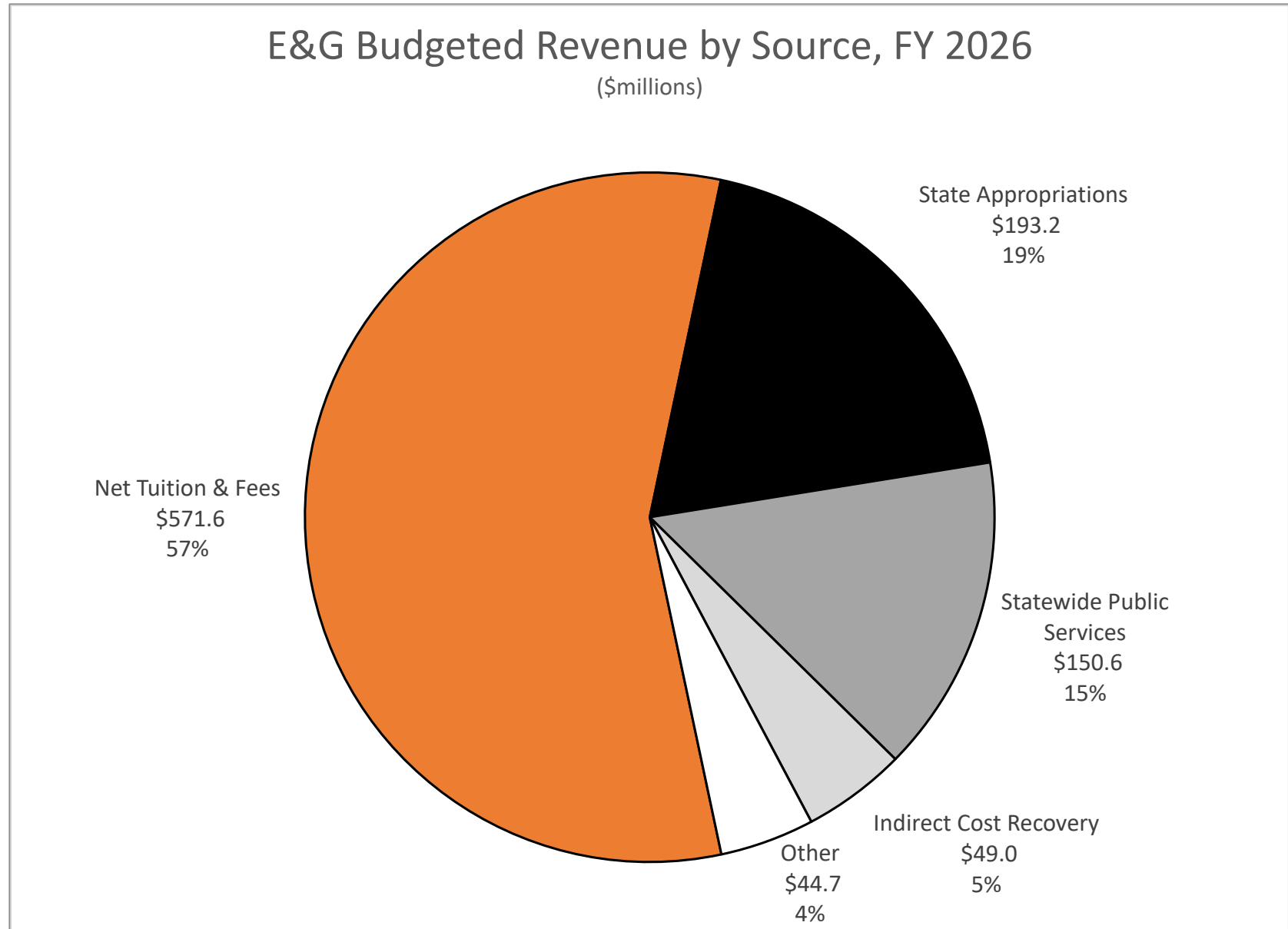
Gifts and donations



# Revenue budget history & trends



# Education & General \$1.01 billion



# FY2026 Budget Development

- Anticipated imbalance and need for budget realignment
- Desire to improve financial resiliency
- Necessity of reallocating resources toward PWS priorities
- Broad engagement in scenario planning for range of possible reductions
- Internal allocations for FY2026 that differentiate reductions (not across-the-board)
- General aim to reduce expenditures by 5.2% to accomplish above goals

# Uncertainties

- Federal research funding
  - Availability of federal grant funding – affects restricted funds
  - Indirect cost recovery revenue (policy changes and/or reduced funding for grants) – affects E&G revenue
- State appropriations
  - Ongoing legislative session
  - May 15<sup>th</sup> revenue forecast prior to June appropriations
  - Federal funding for programs such as Medicaid
- Enrollment
  - Tuition is OSU's largest revenue source
  - International enrollment concerns

# Budgeting for risks and opportunities

- FY2026 budget increases amounts held for contingencies by 1% of the E&G budget for Corvallis (\$8.5M)
- The budget also specifically sets aside 1% of the E&G budget for potential investments in strategic priorities (\$8.5M)
- Continuing work to identify opportunities for cost reductions, cost avoidance, new revenue generation, and improvements in financial resiliency

# FY2026 Recommendation

- Staff recommend that the Finance and Administration Committee recommend to the board that it approve the Fiscal Year 2026 operating budget, as presented in Tables 1 through 5.