



Ten-Year Business Forecast: FY27 through FY36

EXECUTIVE SUMMARY

The Ten-Year Business Forecast presents a forward-looking view of Oregon State University's financial trajectory based on current assumptions for enrollment, tuition, state funding, expenses, and capital investments. It is not a plan, but a directional tool to assess long-term sustainability and inform strategic decision-making.

Overall Outlook

The forecast indicates a structurally constrained financial environment over the next decade. While revenues are expected to grow modestly, expense growth – particularly compensation and inflationary costs – outpaces revenue in key areas, resulting in persistent operating pressure within Education & General (E&G) funds. Recent updates to enrollment assumptions – particularly slower near-term growth in Ecampus – have reset the baseline for future revenue projections and contribute to projected ongoing structural gaps between revenues and expenses.

Key Drivers of the Forecast

- **Enrollment and Tuition:** Near-term enrollment is flat, with longer-term growth driven primarily by Ecampus. However, projections have been revised downward from prior forecasts, reflecting flat Ecampus enrollment in FY26 and slower growth in FY27, which lowers the base for future tuition revenue and moderates long-term growth expectations.
- **State Funding:** Assumed moderate biennial growth (~4.5%) after the next biennium, with near-term assumptions aligned to the Oregon universities' funding request for the 2027-29 biennium. Variability in state funding remains a key sensitivity, as even a single flat biennium would create sustained structural imbalance.
- **Expenses:** Compensation growth (OSU's largest cost) and inflation continue to increase at steady rates, placing ongoing pressure on operating margins.
- **Strategic Actions:** The model incorporates FY27 budget reductions and assumes ongoing recurring savings from administrative modernization. These actions are foundational to stabilizing the near-term outlook.

Fund-Level Insights

- **E&G Funds:** The most significant concern. Even with corrective actions, the forecast shows ongoing structural gaps between revenues and expenses beyond FY27, driven largely by slower enrollment growth and constrained state funding.
- **Self-Support Funds:** Near-term decline due to PAC-12 realignment impacts on Athletics revenue, followed by recovery tied to housing expansion and cost and revenue alignment efforts.
- **Restricted Funds:** Modest long-term growth but high uncertainty due to federal research funding volatility. Near-term constraints and longer-term uncertainty in federal research funding represent a significant external risk to this outlook.

Capital and Debt Position

- The university carries significant existing debt (~\$1.6B total through FY2060) and anticipates additional borrowing, particularly for housing expansion.

- Debt-funded capital investments are expected to support enrollment and revenue growth but increase pressure on long-term financial flexibility.

Financial Health Metrics

- Operating performance (EBIDA margin) is projected to remain below the Board's target ranges throughout the forecast horizon, reflecting the structural challenges listed above.
- Liquidity and reserves remain within acceptable ranges in the near term but begin to tighten in later years.
- Debt service coverage remains within target ranges through ~FY2032 but shows sensitivity to major obligations and capital investments.

Bottom Line

The forecast underscores a central challenge: OSU's current financial model is viable in the near term but structurally imbalanced over the long term without continued intervention and/or significant restructuring.

Sustained progress will require:

- Continued expense discipline and structural cost reductions
- Successful execution of enrollment growth strategies, especially Ecampus
- Favorable state funding outcomes
- Careful pacing of capital investments and debt

BACKGROUND AND PURPOSE

OSU's Ten-Year Business Forecast identifies long-term financial trends based on known factors and key assumptions, particularly in later years when uncertainty is greater.

The forecast provides a long-term view to inform needed corrective actions and future investments, while assessing the impacts of current financial and programmatic decisions. The forecast includes projections of future enrollment, tuition rates and institutional financial aid, state funding, compensation, costs of enrollment growth, Board-approved construction projects, renovation, and repairs, and associated operating and debt costs.

The forecast is heavily influenced by the Corvallis campus's Education and General (E&G) operations, which have the largest impact on the university's financial position and are most sensitive to changes in enrollment and tuition. Projections for operating and capital impacts on all funds are included in the assessment of the long-term financial metrics. These include OSU-Cascades E&G operations, self-support operations for Corvallis and OSU-Cascades, restricted funds, and Statewide Public Services funds.

The forecast highlights emerging risks and opportunities early enough to inform strategic decisions and maintain financial strength.

The Ten-Year Business Forecast takes an institutional-level view of operating and capital needs and the expected trajectories of revenues and expenses. This forecast has included assumptions related to key elements of the [Prosperity Widely Shared](#) strategic plan (*PWS*)—principally the outlook for Ecampus enrollment and federal research funding as well as efficiencies that result from the Administrative Modernization Program.

The outlook described in the forecast and the project detail in the capital forecast are used to assess the relative impact of different strategies. Actual strategies, projects, or decisions may change as circumstances or institutional priorities evolve.

MAJOR ASSUMPTIONS OF THE FY27-FY36 TEN-YEAR BUSINESS FORECAST

The university's forecasting software, Synario, integrates financial information across the three major operating funds and the major elements of the financial statements. This version incorporates FY25 audited results, FY26 projections, and the proposed FY27 budget.

A foundational part of the forecast is the estimate of enrollment in major student categories for all locations. This forecast reflects updated enrollment data, including reduced near-term growth for Ecampus and OSU-Cascades compared to prior projections.

The forecast is based on a core enrollment scenario that assumes that present trends continue (incoming class sizes, annual retention and progression rates, annual Ecampus growth, etc.).

Operating Funds

The operating forecasts for Education and General funds, self-support funds, and restricted funds are based on assumptions for the major revenue and expense drivers from fiscal years 2025 through 2035. The principal drivers are noted below.

- Tuition revenue estimates are significantly driven by the university's outlook for enrollment. Enrollment at OSU is projected to increase through the forecast horizon, but only after a period of virtually flat enrollment. Enrollment growth is principally from rising numbers of Ecampus students, a result of the goals and efforts of the *Prosperity Widely Shared* plan. However, the outlook in this forecast is for more modest growth than prior forecasts, principally reflecting slow enrollment growth in the near term. Given current and planned investment in new programs, enrollment in Ecampus is projected to pick up and grow at 6% annually from FY2029 forward, reaching approximately 29,000 Ecampus enrollees by the end of the 2036 forecast horizon.
- In addition to enrollment, the forecast assumes continued tuition rate increases - 4.5% in FY28 and 3.5% thereafter – with more moderate increases for select graduate programs, to remain competitive..
- State funding for the 2027-29 biennium is assumed at the level of the Consolidated Funding Request put forward collectively by the Oregon Public Universities (8.4%). Beyond that period, funding is modeled to grow at approximately 4.5% per biennium to reflect long-term trends while smoothing variability.
- Student mandatory fee rates, such as the building fee and student services fee) are assumed to increase at 3.0% per year in both Corvallis and at OSU-Cascades. These fee rate increases have varied on an annual basis in the past, and this rate of increase is intended to project an upward trend, while smoothing out the variability over the forecast horizon.
- Other major revenues have been adjusted to reflect a more constrained federal funding outlook in the near term. Facilities & Administration cost reimbursement that accompanies federal research funding is expected to flatten for FY27 and grow modestly throughout the remainder of the forecast period.

- Estimated growth in compensation costs over a ten-year period is included in the model. Compensation is OSU's largest expense, and the growth assumed is a combination of increases in salary, benefits costs, and modest growth in employee headcount over the 10-year period. The assumed rate of growth for unclassified employees levels out at 3.5% per year beginning in FY28, while classified rates of increase are higher, reflecting historical trends.
- General inflation is assumed 4% annually, consistent with recent Higher Education Price Index (HEPI) trends.
- There are additional assumptions built into the forecast that reflect current and planned actions on the part of the university. Specifically, the forecast assumes expense reductions in FY27 consistent with the budget planning to balance the FY27 E&G budget. Further, there is an assumed uptick in undergraduate enrollment built into the outlook in fiscal years 2029, 2030, and 2031 resulting from the additional on-campus housing capacity from the new residence hall that is expected to open for Fall 2028. The forecast also assumes recurring expense reductions of approximately \$5M beginning in FY28 from Administrative Modernization Program.

These assumptions are used in Synario to forecast operating statements (revenues and expenses by major category, including transfers in and out) which are an integral part of the calculation of projected financial statements and financial metrics.

Debt Management Assumptions

The capital forecast is supported by existing debt and planned future borrowing. As of FY25, OSU carries \$898.6M in principal and \$710.2M in associated interest obligations, totaling \$1.6B through FY60. Additionally, the university has a \$100M commercial paper program available for short-term taxable or tax-exempt uses. The forecast assumes debt support for the first phase of the Housing Vision beginning in FY26 with incremental long-term debt totaling \$219.0M at a 4.99% borrowing rate and 30-year term.

Debt service is included only for projects with Board-approved financing. Projects envisioned in the Ten-Year Capital Forecast that have not received board-approved debt are not part of the expense outlook for the operating budget, as those costs will be evaluated at the time of potential future issuance.

Other Factors

Other factors affect the university's financial statement projections:

- The state annually assigns OSU a portion of any changes in the state's PERS (pension) liability. Updates for actual investment returns, member census data, and financial information; and variable factors such as statute changes, long-term expected rate of return assumptions, inflation rate, discount rate, projected salary increase assumptions, and demographic assumptions such as expected mortality, are made to adjust the current net position. The pool values are allocated to OSU and are recorded accordingly in the financial statements. This is one of the areas of significant uncertainty in projecting the financial statements.
- Changes in accounting standards in the future can change the university's financial position.

Principal Changes Since July 2025

This update reflects FY25 actual results, FY26 projections, and FY27 budget assumptions, along with revised outlooks based on recent developments since the last update in July 2025.

Most significantly, enrollments projections have been revised downward. Flat Ecampus enrollment in FY26 and slower expected growth in FY27 reduce the base for future tuition revenue and soften the long-term outlook.

Beyond tuition, state appropriations comprise a significant portion of E&G revenue to OSU (34% of E&G in FY26). As a starting point, however, the amount of appropriations for FY27 is now known, since that is the second year of the current state funding biennium. A year ago, the biennial appropriation totals were projections.

The effect of the lower tuition growth estimate has negatively impacted the outlook relative to last year's projection, and it has been factored into the budget planning for FY27. Had the university not taken steps to address the impact, the long-term outlook for E&G funds would have persistent structural imbalances of approximately \$15M-\$24M annually.

The updated forecast for self-support funds is also significantly different from last year. Self-support activities are generally intended to operate within their respective revenues. The forecast due to Pac-12 realignment and assumes corresponding expense alignment. It does not incorporate potential new revenue generation opportunities.

Restricted funds are projected to be generally in line with last year's outlook, which scaled back the near term as well as the growth outlook due to revised assumptions on federal research funding availability.

PRINCIPAL CONCLUSIONS AND ANALYSIS

More discussion on each of the three major funds is included below.

Education and General Funds

E&G performance is driven primarily by tuition revenue, which depends on enrollment and pricing. Corvallis enrollment is expected to grow modestly, primarily through transfers and improved retention. Ecampus remains the primary growth driver, though at lower levels than previously projected. OSU-Cascades is also assumed to have modest growth as well, though with a smaller base of students, the impact on the institutional level forecast is modest.

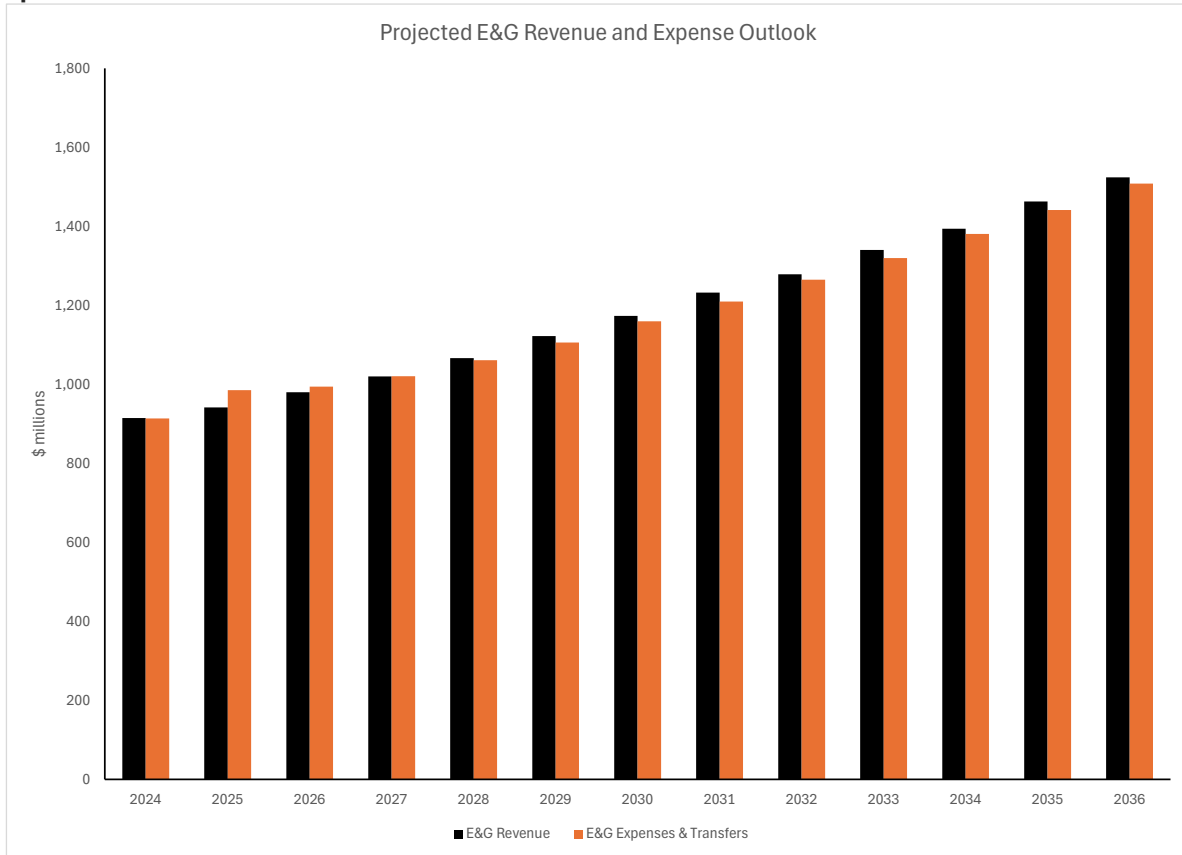
Beyond tuition, E&G revenue growth comes principally from state support. Generally, the forecast has projected growth in state support following the long-run historical trend. This forecast maintains that practice beginning in FY30, but for the 2027-29 biennium, the E&G forecast assumes state funding at the level the university will seek during the 2027 legislative session.

Unlike prior years where the ten-year forecast has preceded the decisions of the annual operating budget, this forecast builds in the projected impacts of the budget reduction plans for OSU for FY27. The reduction in base expenditures carries forward into future years, and without that assumption, the outlook for E&G would be significantly worse. The realignment for the

FY26 budget was an important step in adjusting for the structural challenges of the university’s budget environment, and the FY27 reductions further that impact.

Graph 1 shows E&G revenue for the ten-year forecast. While lower than projected a year ago, the expectation is still higher than it was two years ago, reflecting the outcome of *PWS* efforts to actively grow revenue, principally from Ecampus enrollment.

Graph 1



Self-support Funds

Self-support revenues are projected to decline in the near term due primarily to Pac-12 realignment, then recover gradually from a lower base.

This forecast, however, projects the expenditure outlook for Athletics that aligns with the revenue projections. The university intends to work toward resolving an imbalance that exists currently from a cost structure that was based on a higher conference revenue distributions in the past.

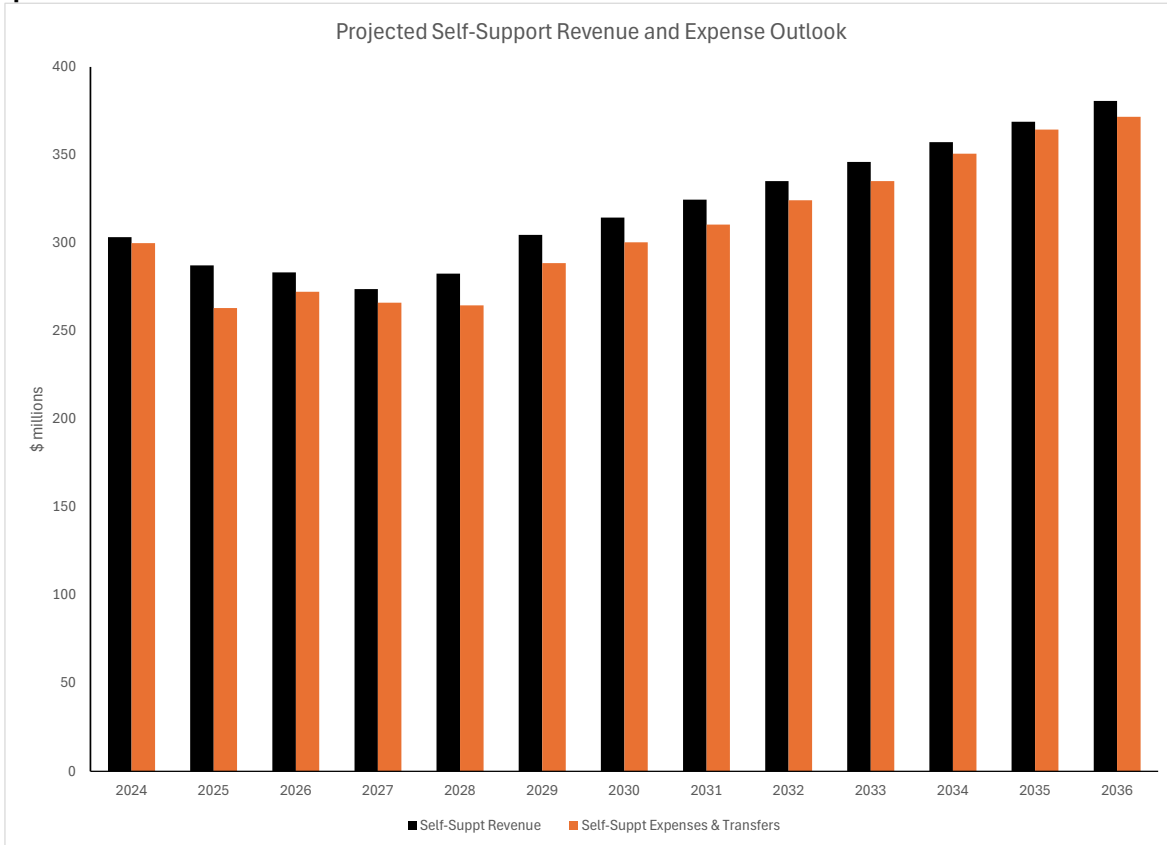
There are significant capital renewal projects planned in self-support units. These projects will rely largely on debt financing paid back by revenues from the projects, student building loan/debt fee revenues, capital reserves in self-support units, and potential partnership opportunities. The specific financing of individual projects, particularly in the out years, will continue to be evaluated and decided in future years.

Expanding and renewing student housing is critical to recruitment and retention. Early decade projects focus on capacity expansion, followed by replacement and renewal later in the forecast period. Future projects could include construction, expansion, acquisition, or renewal and, if approved, would be debt financed from the revenue they generate.

Capital projects for Athletics are assumed to be funded entirely by gifts or other revenues (including debt-financing paid by Athletics) associated with operations of those facilities.

Graph 2 shows the projected self-support revenue outlook.

Graph 2



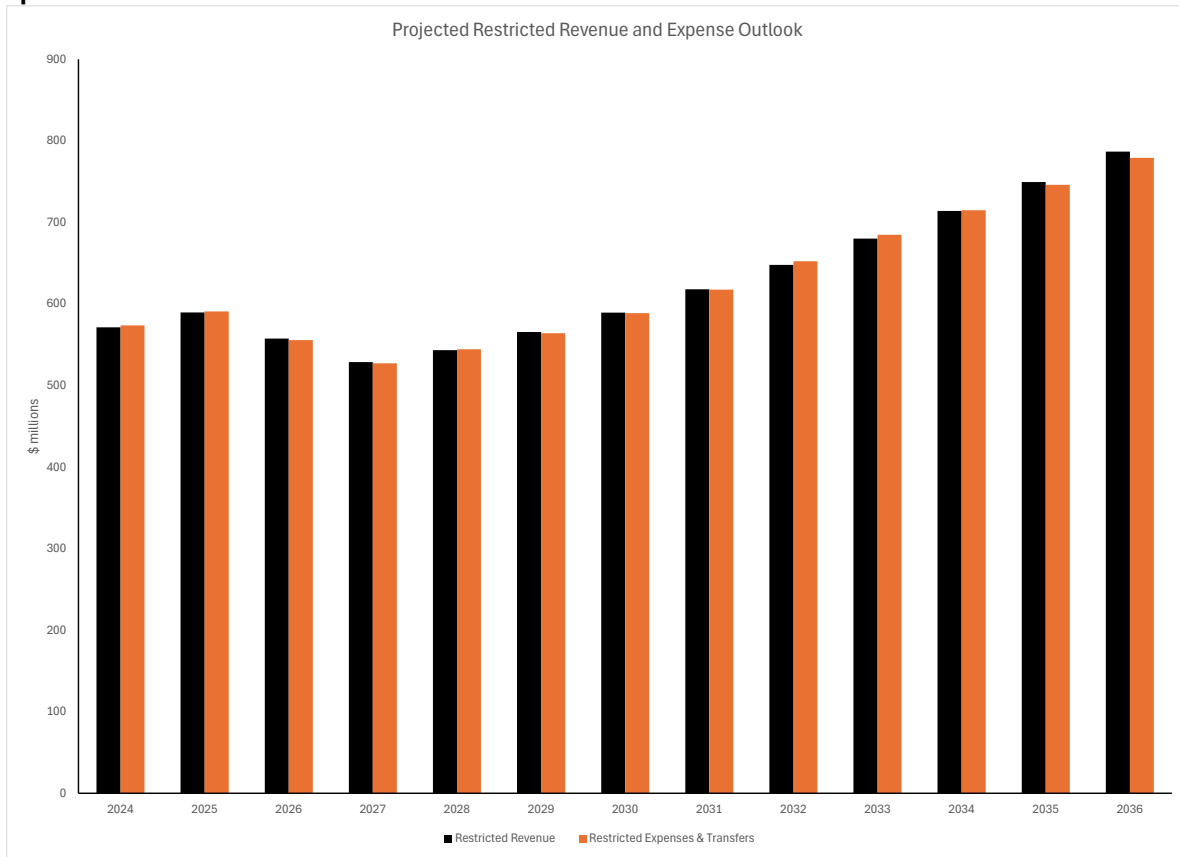
Restricted Funds

Restricted fund revenues are forecast to show steady growth after a near-term decline, though there is significant uncertainty about this outlook given changes in the landscape for federal research funding as well as federal financial aid resources. The graph below indicates that the overall level of restricted fund revenue will be more in line with the outlook from spring 2023, and the higher levels anticipated a year ago are unlikely to materialize.

Restricted funds are not expected to generate significant net working capital balances as they typically are spent shortly after they are committed to meet the commitments they are allocated to support.

Graph 3 shows the projected restricted revenue and expense outlook.

Graph 3



ALTERNATIVE SCENARIOS

Within any forecast of this time horizon, much of the outcome depends on the assumptions built into both revenue and expense categories. The figures above represent the “base” forecast with reasonable assumptions, incorporating known factors into the near-term years, and utilizing general trends and stable year-over-year changes in the latter part of the forecast horizon.

We have developed two alternative scenarios to demonstrate what the university’s financial outlook might be if revenues grew more or less than the base scenario. We have left spending figures constant for the purpose of these alternatives, since many aspects of spending are subject to the university’s actions, while numerous factors contribute to revenue uncertainty. Because we believe there is greater uncertainty with revenue, the alternative models adjust revenue 2% higher in the Upside scenario and 2% lower in the Downside scenario, as shown in Graph 4 below.

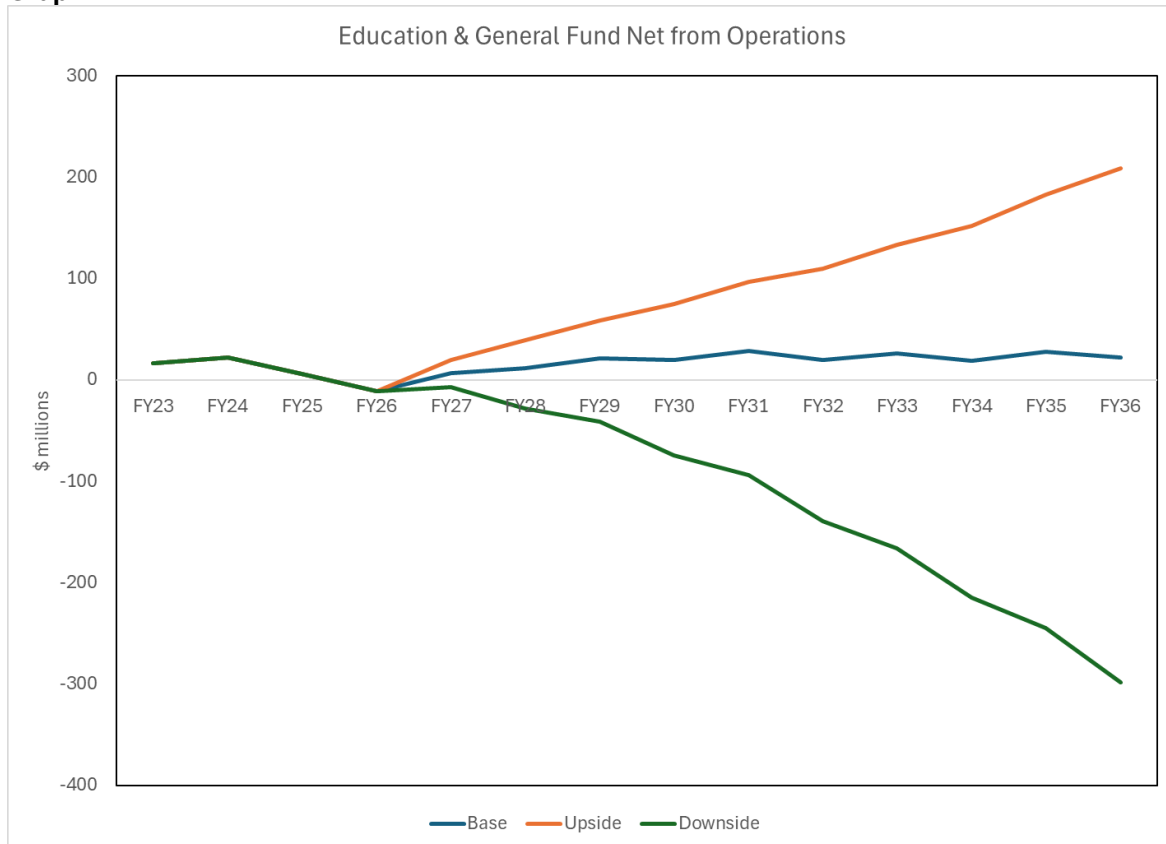
Factors that could contribute to higher revenue growth rates include:

- Enrollment growing more quickly than assumed
- State funding outlook improving
- Federal research funding and associated indirect cost reimbursement rebounding to prior trend

Factors that could result in slower revenue growth than the base scenario:

- Slower enrollment growth or declining enrollment
- Market pressures that constrain price increases for tuition or auxiliaries
- Worsening state budget outlook and impact on appropriations for OSU
- Additional constraints on federal research funding or policy changes that reduce indirect cost reimbursement

Graph 4



FINANCIAL STATEMENT METRICS

The final component of the Ten-Year Business Forecast is a review of long-term trends in four of OSU’s financial metrics. The previous year’s (FY25) audited financial statements provide the baseline for the FY27-36 Ten-Year Business Forecast. The OSU Annual Financial Report, including the audited financial statements and management’s discussion and analysis, was presented to a joint meeting of the Executive & Audit and Finance & Administration Committees at the January 2026 meeting. The FY21-FY25 financial metrics were presented to the Finance & Administration Committee on that same day. The financial metrics and operating ranges, as shown in Table 1, which the Finance & Administration Committee adopted on October 7, 2021, are used to monitor the financial health of the university for historical and forecast analysis and when the use of debt capacity is assessed or considered.

The model uses institution-wide averages and trends based on completed audited financial statements. It brings together the assumptions in the operating and capital forecasts with other components of the institution’s financial statements, including non-cash components, and accounts for revenues and expenses consistent with Governmental Accounting Standards

Board (GASB) requirements. Table 2 below illustrates the four main board-approved financial metrics.

Table 1. Financial Metrics Approved in October 2021.

Ratio	Operating Ranges	Purpose
Operating Performance		
Fund Balance	10.0% - 20.0%	Measures the available operating balance relative to the size of the Education and General fund operations and reported in the quarterly management reports
EBIDA (Earnings before Interest, Depreciation and Amortization) Margin	8.0% - 18.0%	Measures the ability to repay debt from operating revenue as well as invest in academic programs and facilities to advance strategic objectives
Reserve Levels and Debt Capacity		
Total Cash and Investments to Operating Expenses	0.75 – 1.25 times	Measures level of available reserves to meet the university's operating expenditures
Total Cash and Investments to Adjusted Debt	0.5 – 2.0 times	Measures the ability to repay debt and pension obligation with available financial resources
Debt Affordability		
Debt Service Coverage	1.5 - 3.5 times	Measures the sufficiency of operations on a cash flow basis to cover debt service

Table 2. Financial Metrics from fiscal year (FY) 2025 projected through FY 2036. Metrics are based on the ten-year forecast structure updated to actual results for FY25 and trends for FY26 through FY36. Horizontal lines show board-approved preferred limits (green is stronger results, red weaker results).



DEFINITIONS

Operating Performance

EBIDA (Earnings before Interest, Depreciation and Amortization) Margin (see Table 2 above) measures the available cash flows generated by the university after paying operating expenses. These cash flows are available to pay debt service, reinvest in capital assets (deferred maintenance), invest in new capital projects, academic programs, and strategic initiatives, and to reserve funds for uncertain events and future strategic opportunities. If cash flows and other available revenues like state appropriations and tuition revenues are insufficient to meet cash needs, the university must draw on reserves.

In the forecast, EBIDA is below the Board's target range throughout the forecast horizon reflecting the structural imbalances within E&G and Self-Support funds.

Reserve Levels and Debt Capacity

Total Cash and Investments to Operating Expenses (see Table 2 above) measures the level of available financial resources to meet the university's operating expenditures. The ratio reflects the anticipated growth in cash and investments above the forecasted needs for operating expenses and is forecasted to be in range throughout the forecasted horizon.

Total Cash and Investments to Adjusted Debt (see Table 2 above) measures the ability to repay debt and pension obligations with available financial resources. The metric is within the target range throughout the forecasted horizon.

Debt Affordability

Debt Service Coverage (see Table 2 above) measures the sufficiency of cash flow from operations to cover debt service. The ratio is forecasted to be within the target range starting in FY30.

RECOMMENDATION

Staff recommend that the board accept the Ten-Year Business Forecast for fiscal year 2027 through fiscal year 2036.