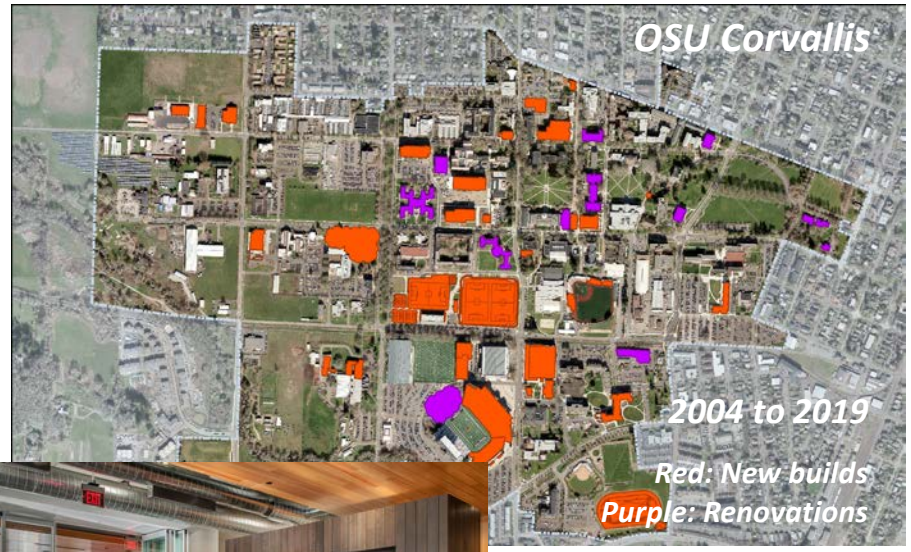
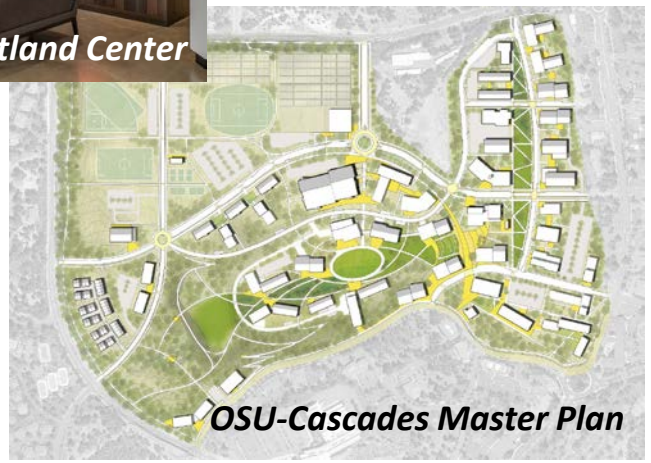
Oregon State University

# OSU Budget Outlook & Plans

***2019***

# Progress






## *From 2003-4 to 2017-18*

- Enrollment from 19,162 to 30,986
  - OSU-Cascades from 358 to 1,259
- All degrees from 4,114 to 7,123 (SP3.0 goal was 6,000)
  - OSU-Cascades from 142 to 361
- PhD degrees from 172 to 242 (SP3.0 goal was 255)
  - Note: 273 PhD degrees awarded in 2016-17
- 5,283 Ecampus degree seeking students (SP3.0 goal was 3,000)
  - Undergraduate online program ranking: 3rd (*US News & World Report*)
- All full-time faculty from 2,747 to 4,021
  - OSU-Cascades from 7 to 52
- Over $700M in capital projects undertaken
- Grant expenditures from $134M to $246M
  - OSU-Cascades at $1.2M
- Annual private giving from $52M to $152M (SP3.0 goal was $110M)
- Extension, outreach & engagement programs reaching 2.3M Oregonians, with help of over 13,000 volunteers

# Our Aspirations & Plans

Mission

Vision

4 Goals

20 Distinctions

20 Actions

4-6 Tactics per Action

New University Strategic Metrics

# Twenty Actions

Expand pathways to an OSU credential

Provide distinctive curricula and support innovative pedagogy suited to our mission and vision

Retool the OSU experience for the 21st century learner

Implement an integrated approach to recruiting and enrolling learners at all levels

Integrate inclusive excellence principles and practices into all aspects of the university

Diversify our research portfolio and strategically build our graduate programs

Implement a comprehensive talent management system

Increase experiential learning opportunities and ensure access

Strengthen alignment within the university among our branding, marketing, communications and public affairs efforts

Strengthen our support system for innovation and entrepreneurship

Support interdisciplinary education, research and engagement on healthy ocean and coasts through the Marine Studies Initiative

Continue building and supporting a diverse, world class faculty

Further internationalize OSU

Clarify vision, communications and governance guiding our physical and digital footprint

Make strategic investments in interdisciplinary and transdisciplinary scholarship, teaching and engagement

Increase our retention and graduation of students

Retool our approach to university-industry and alumni, parent and friend engagement

Substantially improve our physical and administrative research infrastructure

Integrate and simplify technology systems, data practices and policies to increase our organizational agility

Reduce our carbon footprint

**Two Residential Campuses**
Corvallis | Cascades

**Leading Online Education Platform**
Ecampus

**An Expanded Portland Presence**

**A Marine Sciences & Studies Center**
HMSC

**11 Colleges**
**Honors College**
**Centers, Institutes**

# One University

**6,784 Faculty & Staff | 32,011 Students**

**International Partners**
Research | INTO

**Statewide Public Service Network**

**Community & Corporate Partners & Stakeholders**

**Development + Alumni Partner**
OSU Foundation

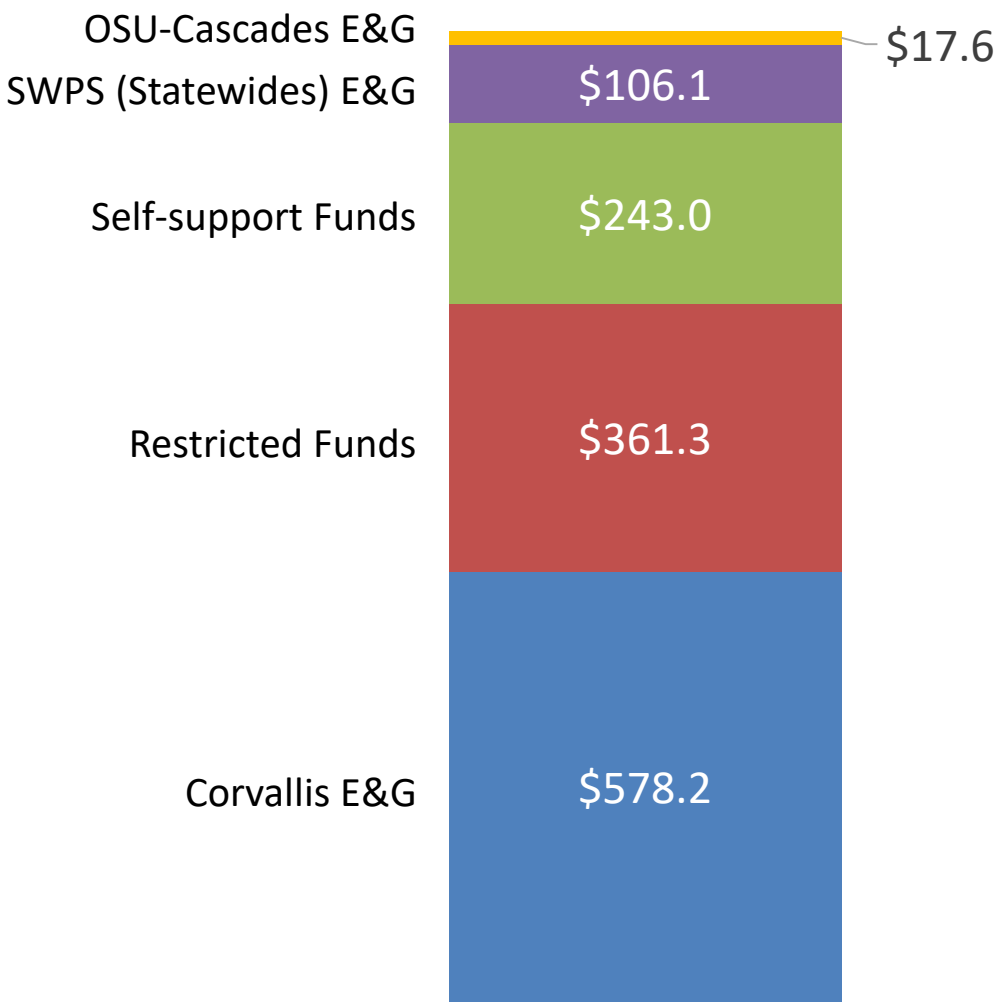
**Multiple Modalities Multiple Pathways to an OSU Degree**

**Oregon State Athletics & PAC-12 Partners**

**Higher Education & Research Partners**

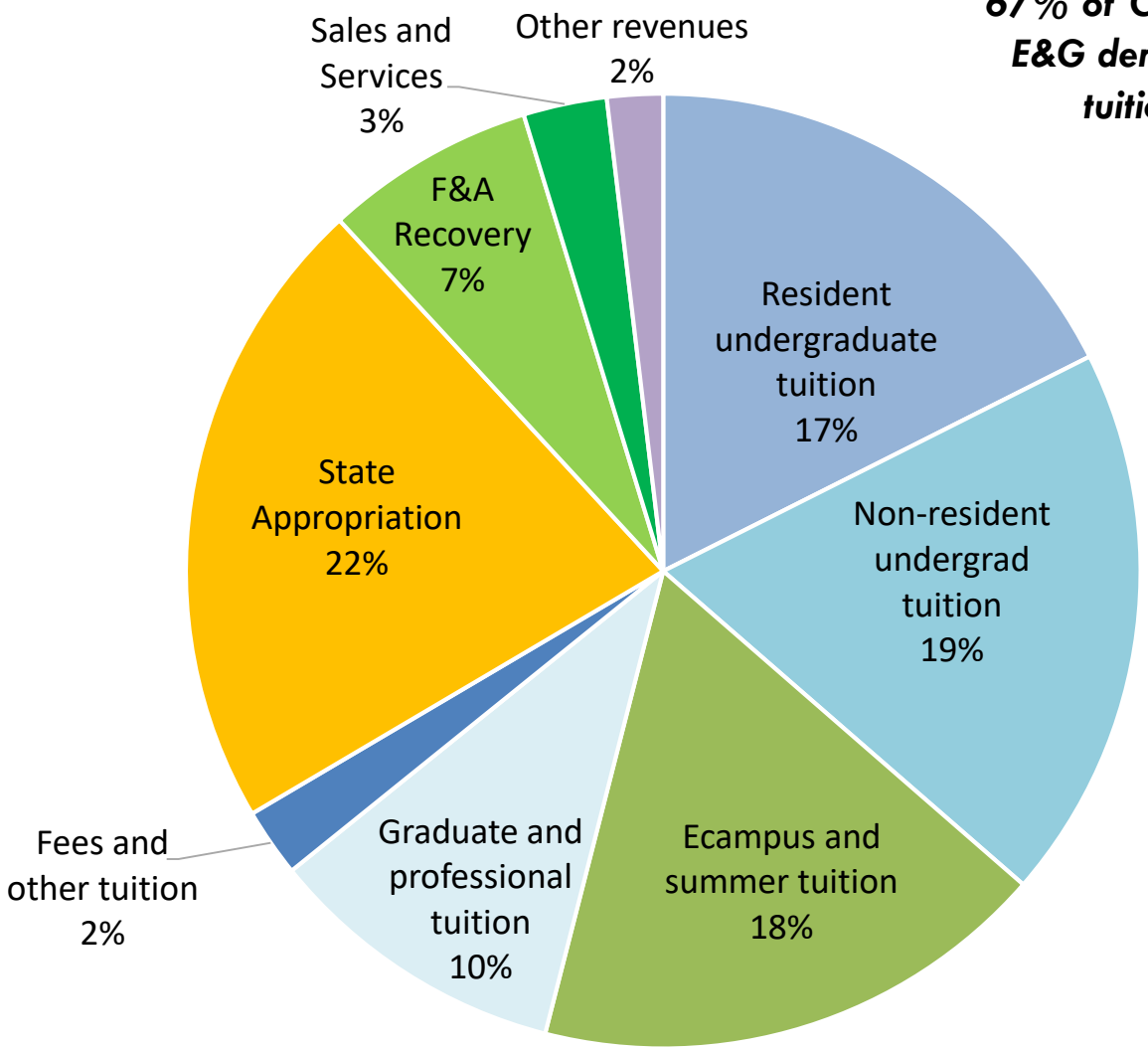
# Our Context

# We are dependent on tuition & fees




**Oregon State University: Sources of Revenue**
**FY 2019: $1.3 billion total**

***67% of Corvallis+ E&G derives from tuition & fees***

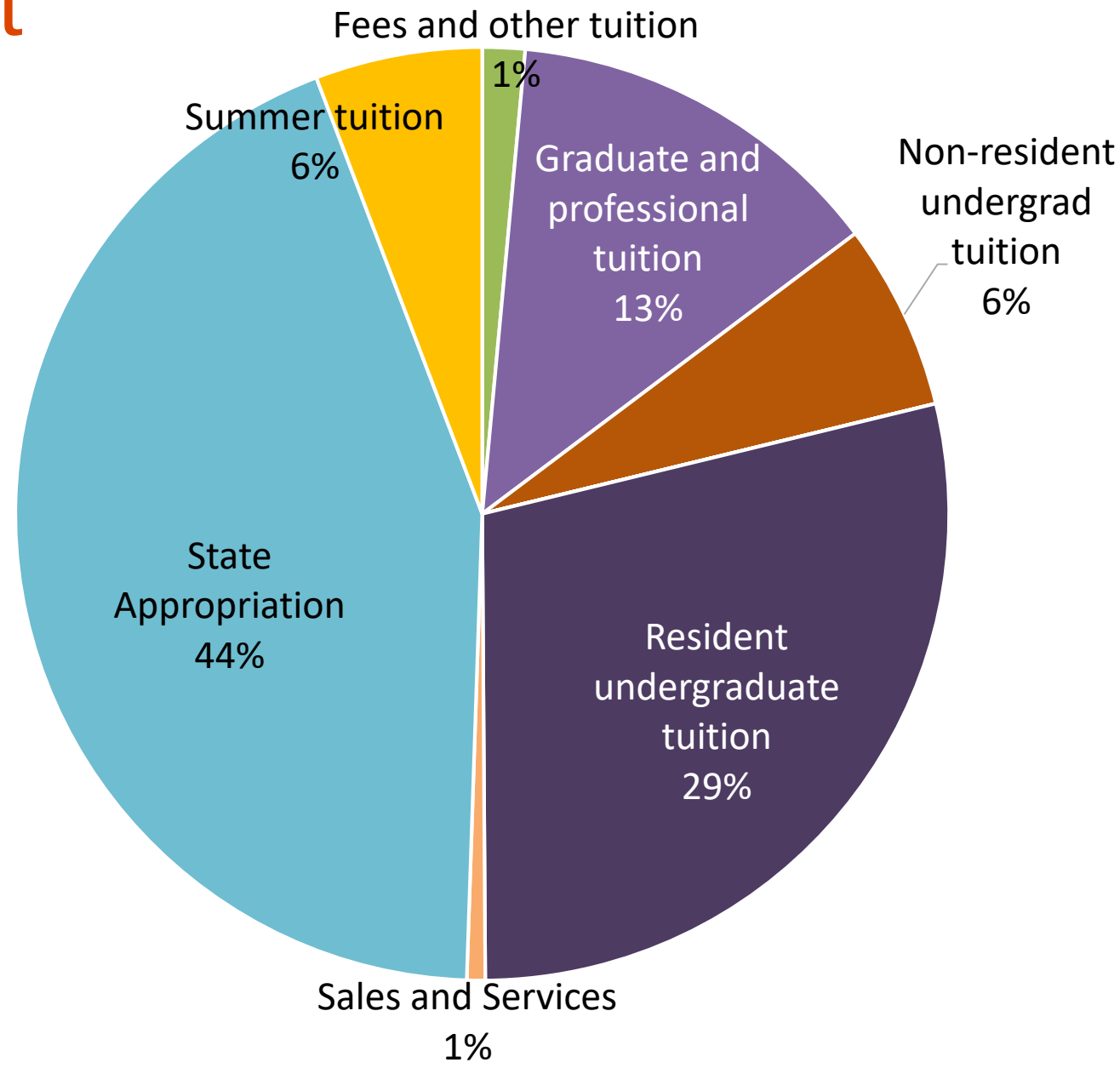



**Corvallis+: Sources of E&G Revenue**
**FY 2019: $578.2 million total**

*"Corvallis+" is all OSU activity except OSU-Cascades*

# We are dependent on tuition & fees

**OSU-Cascades: Sources of E&G Revenue FY 2019: $17.6 million total**



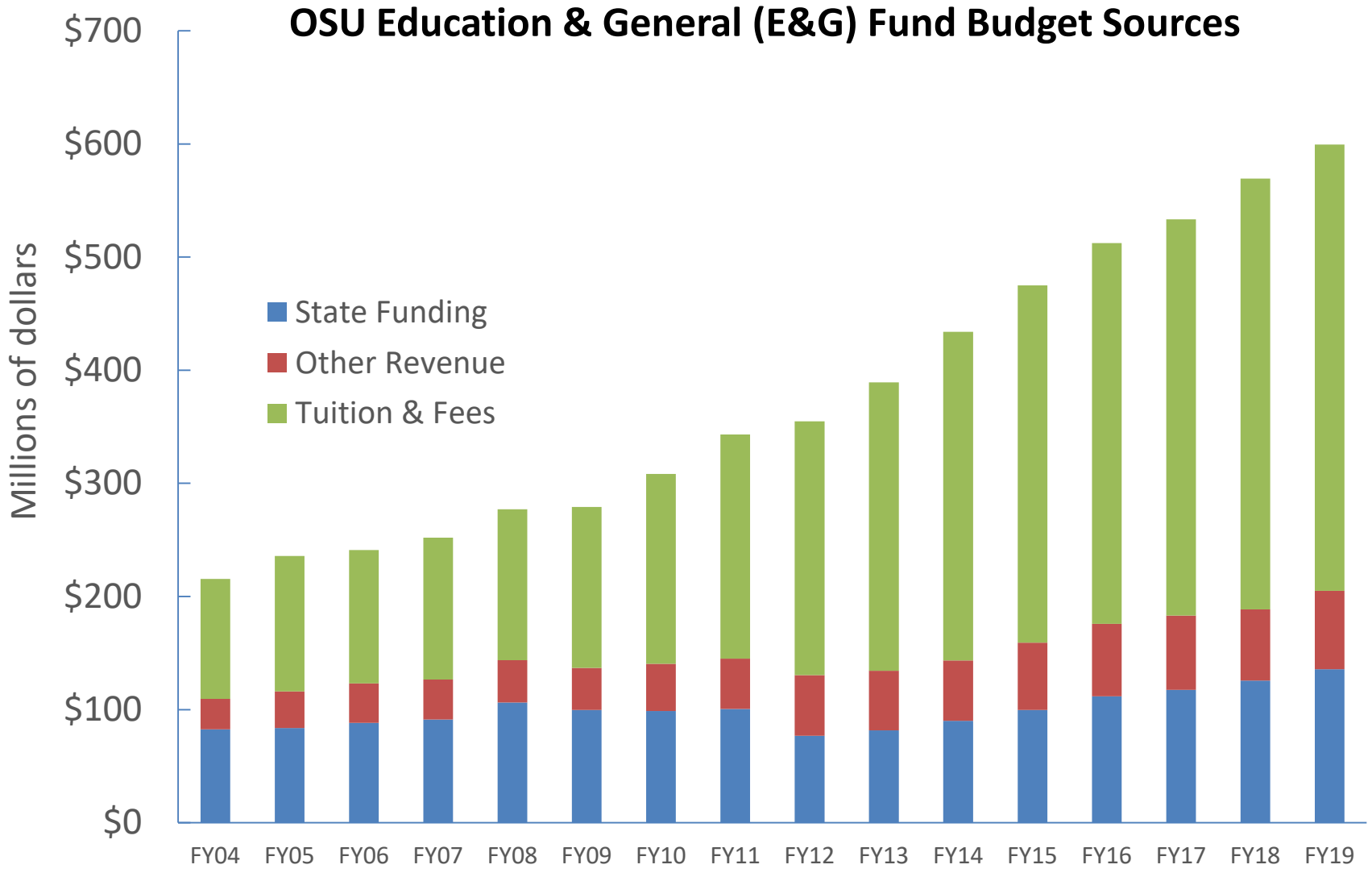
# Our dependence on tuition & fees is rising

Ratio of Tuition/Fees to total E&G Sources (FY 2019):

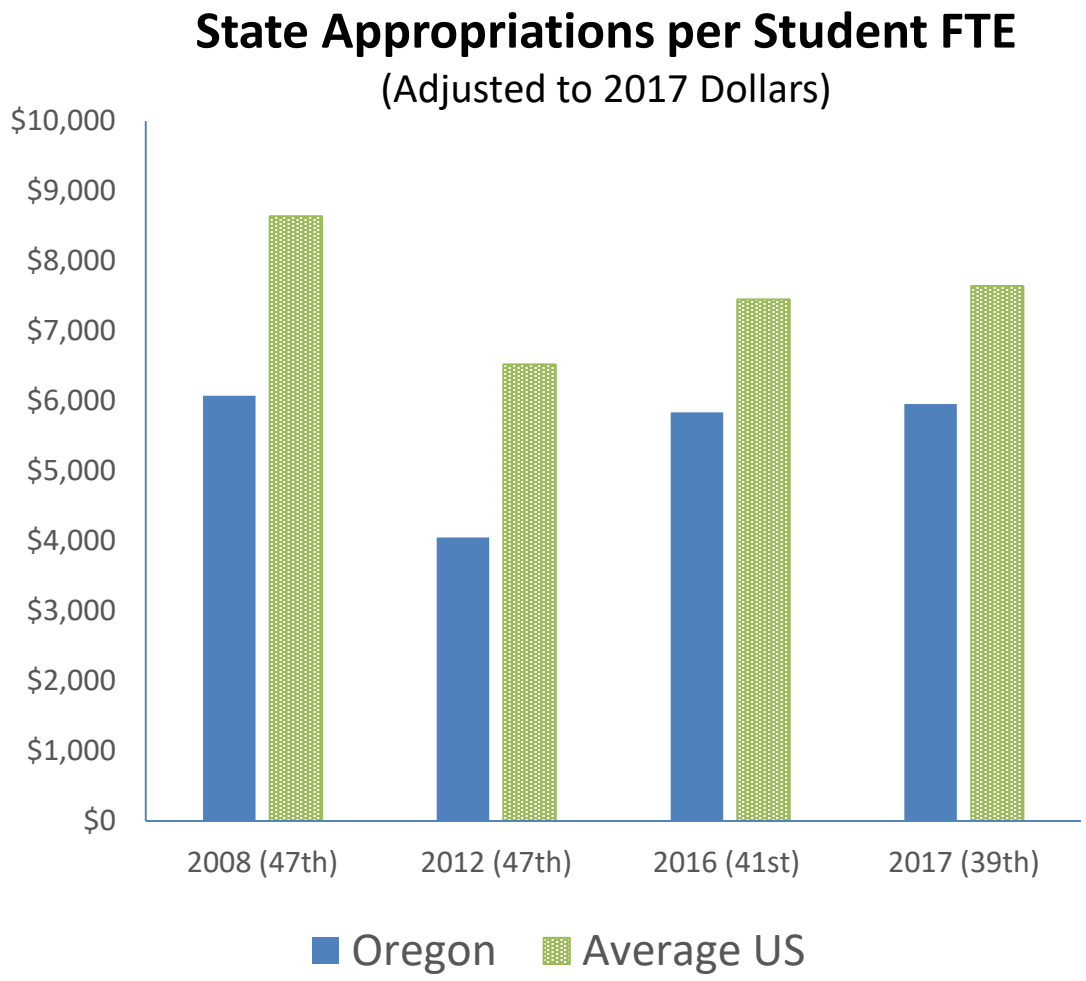
Corvallis+ 67%

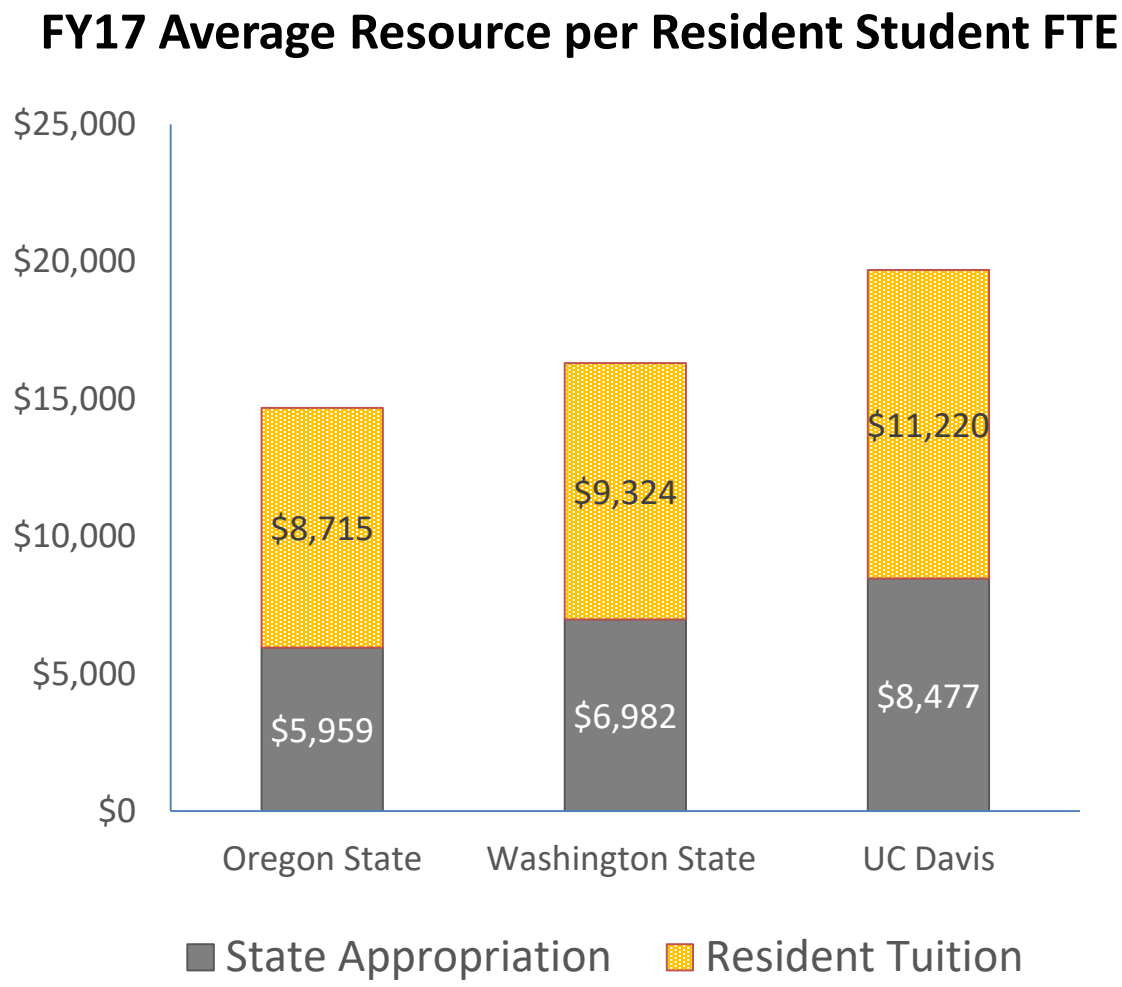
Cascades 55%

*Implication: Our budget is increasingly sensitive to changes in enrollment*

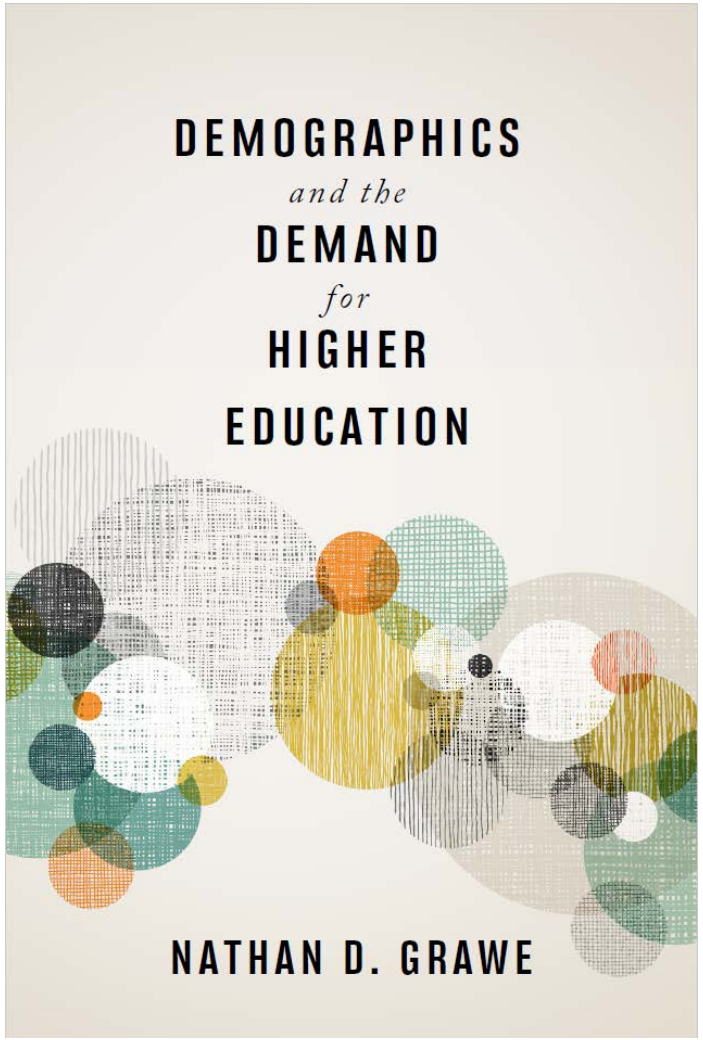


# Oregon's support for higher education is modest

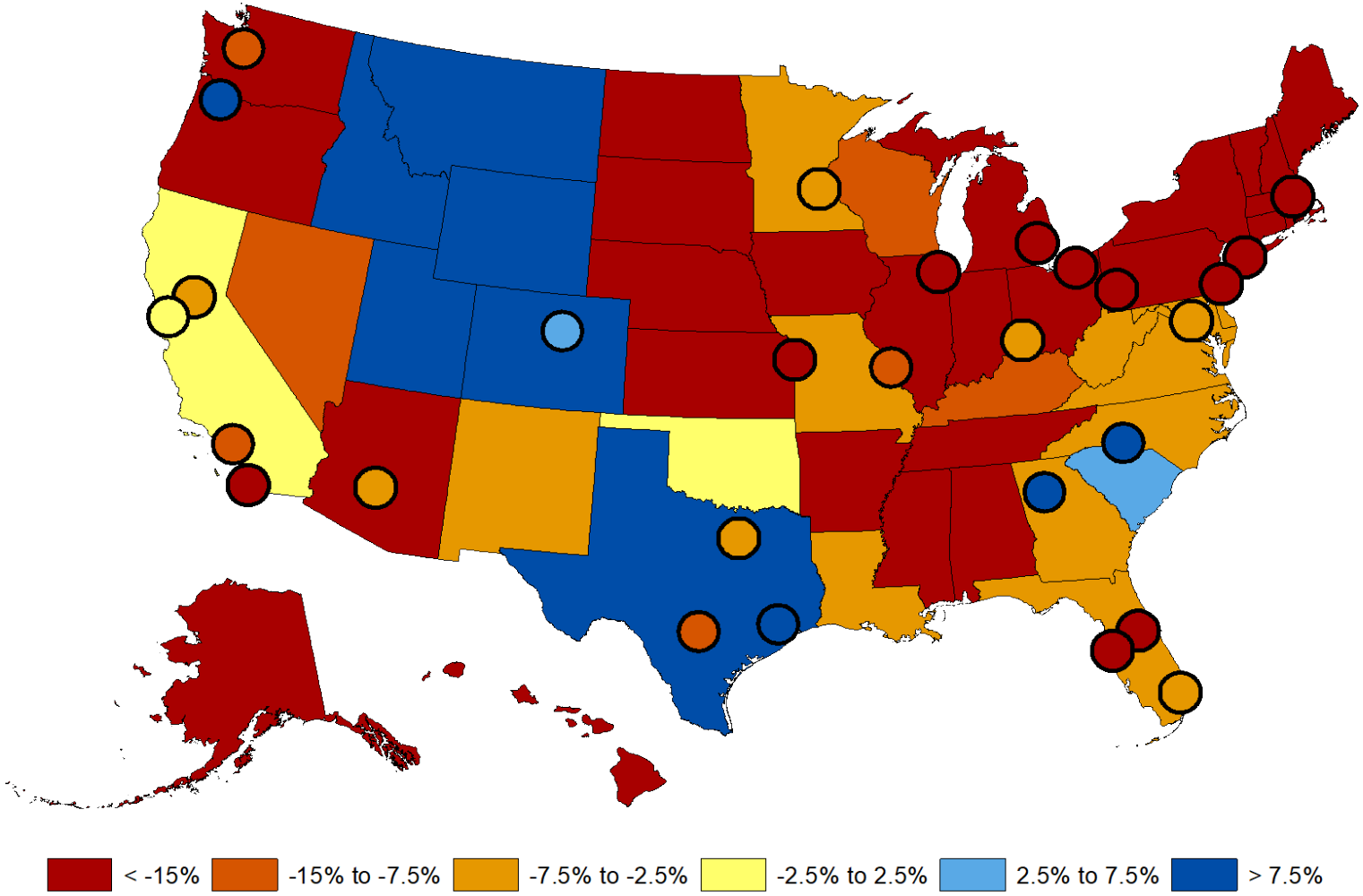


# The competition for students is rising




**Forecasted growth in college-going students, states and selected metro areas, 2012-2029**



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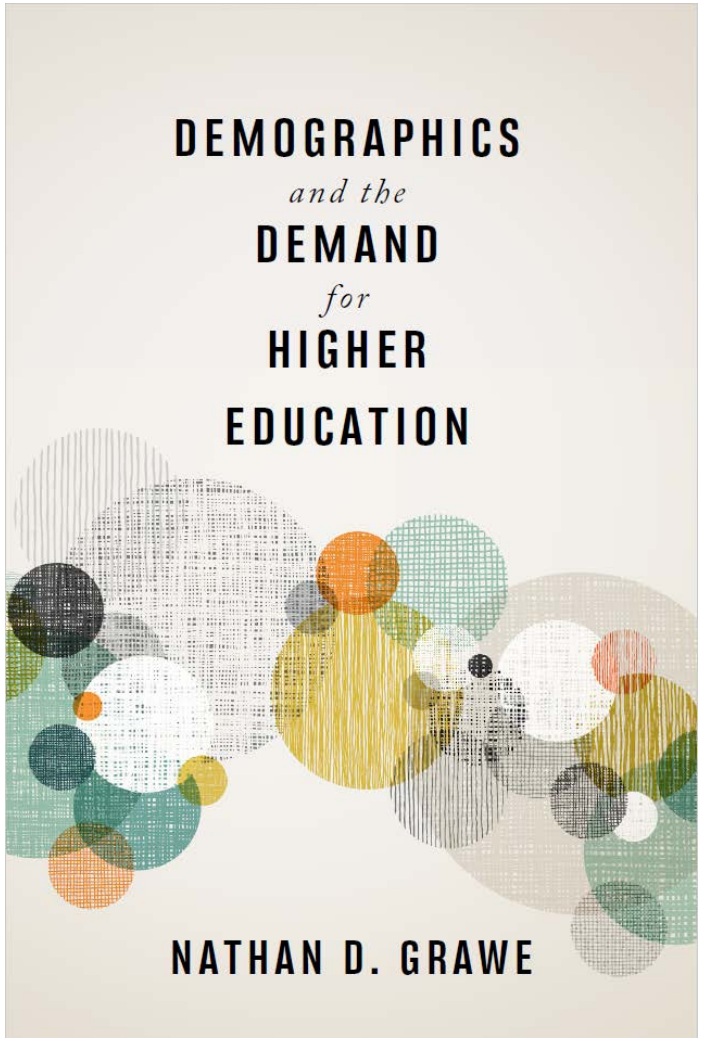
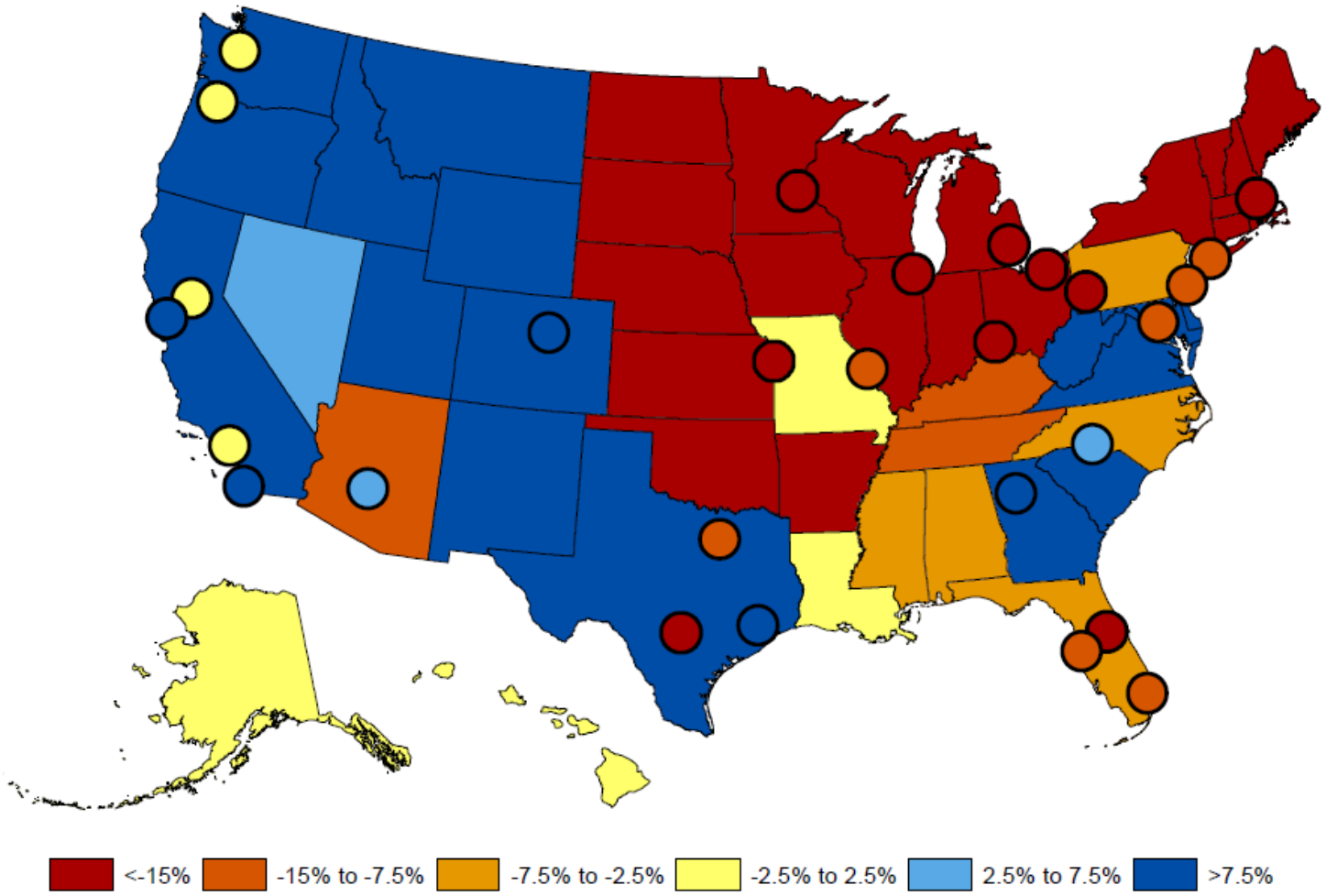
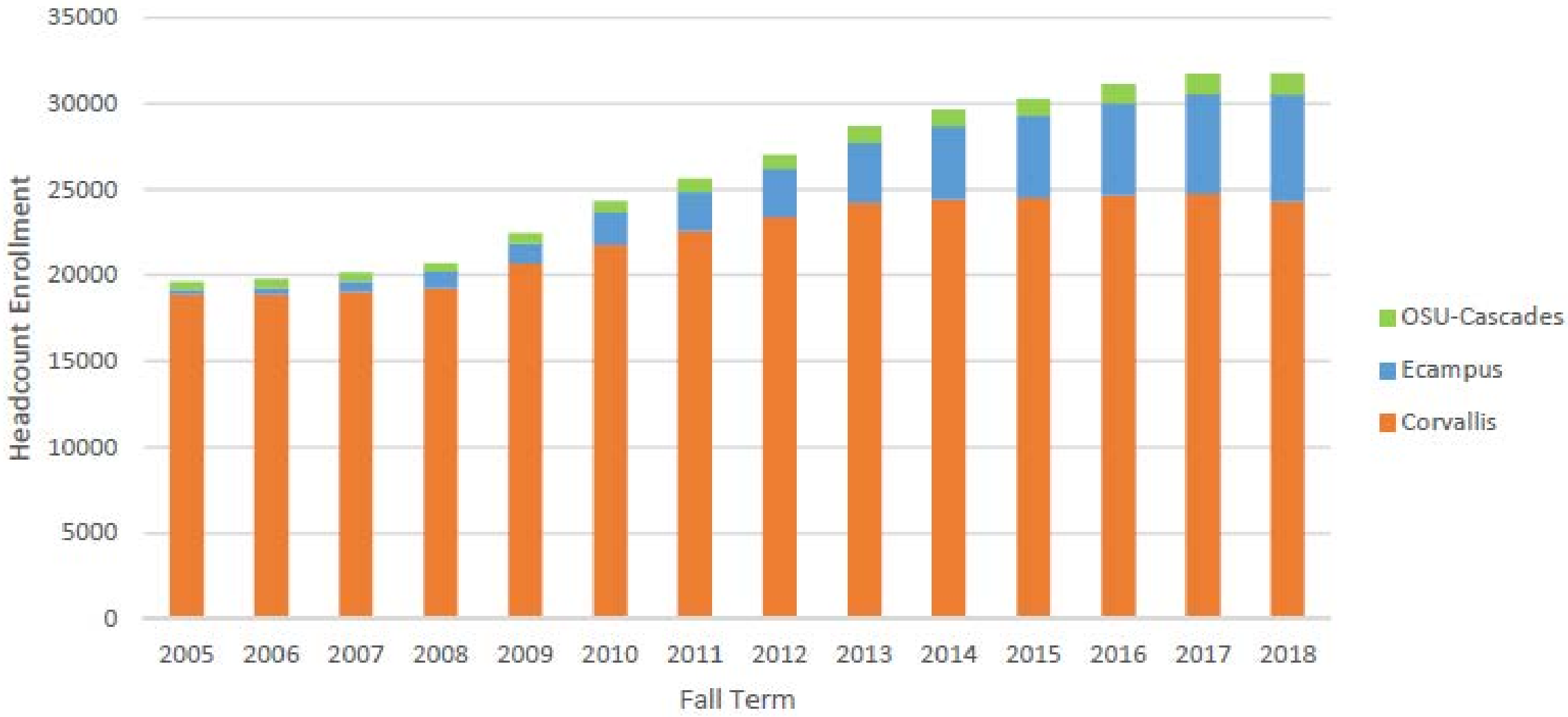



**Forecasted growth in students who will attend national four-year institutions, 2012-2029**



# Our enrollment growth has slowed



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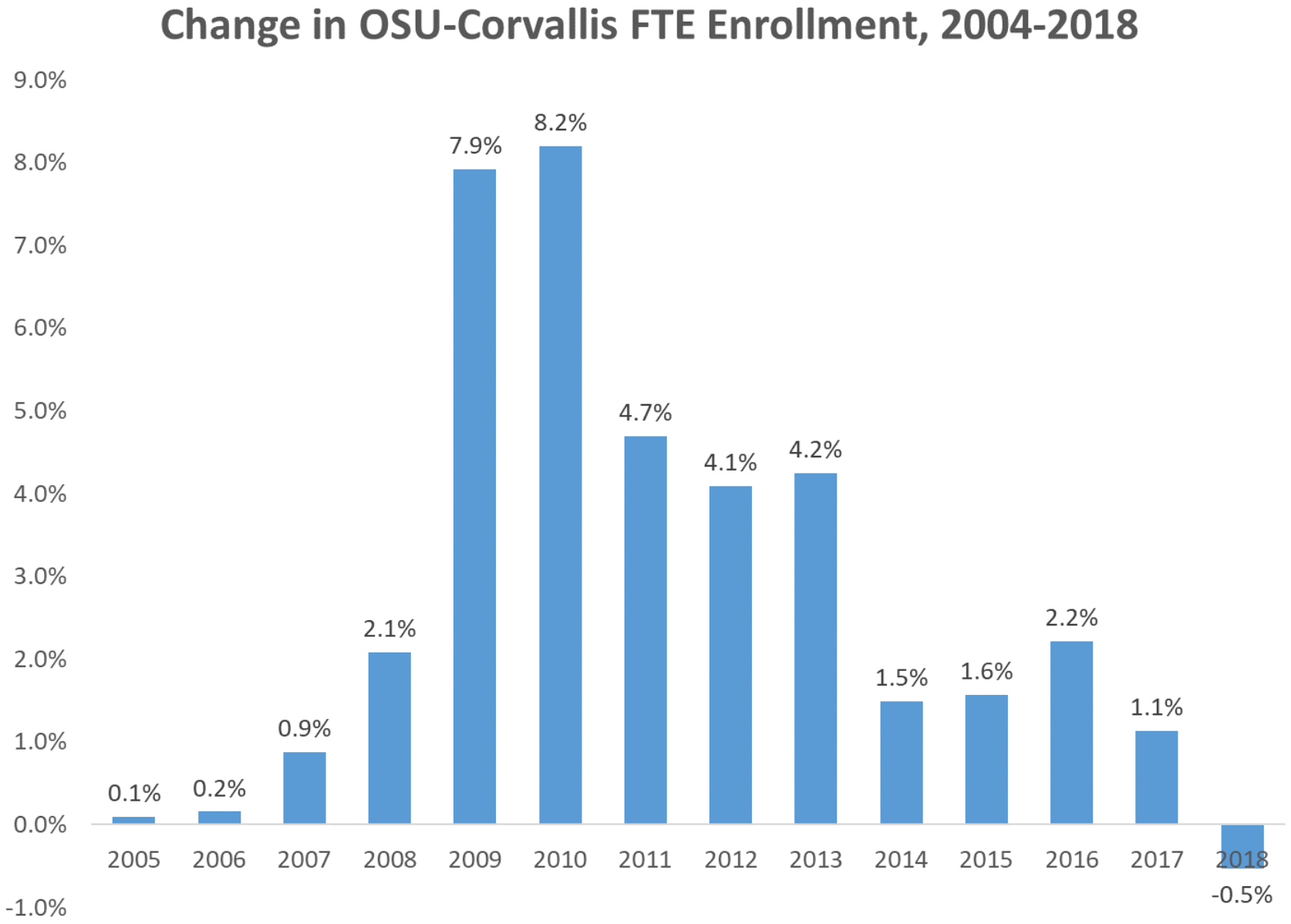
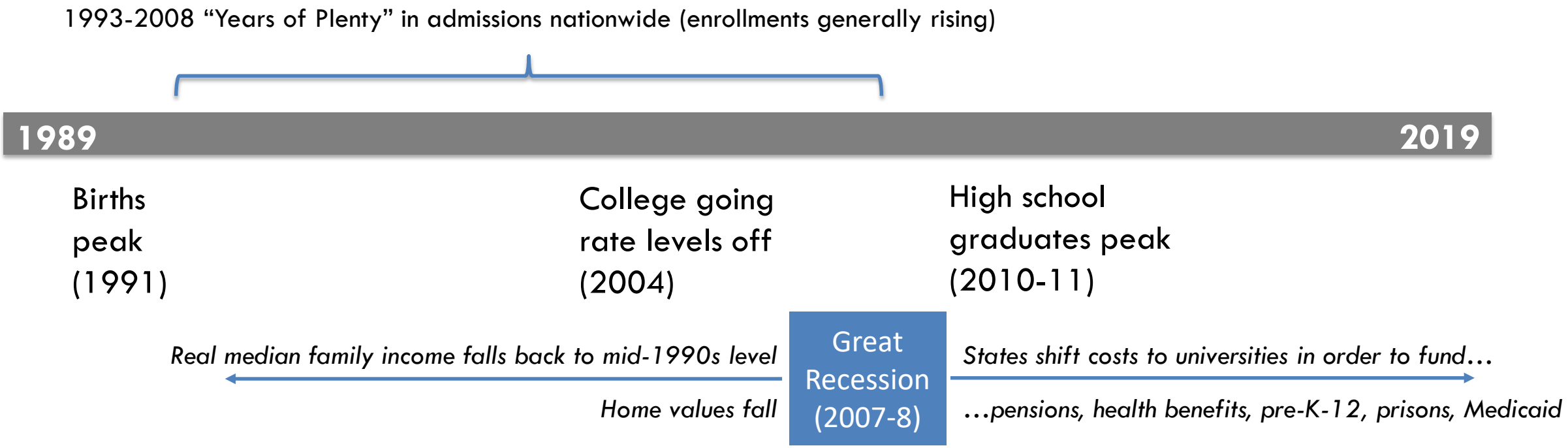
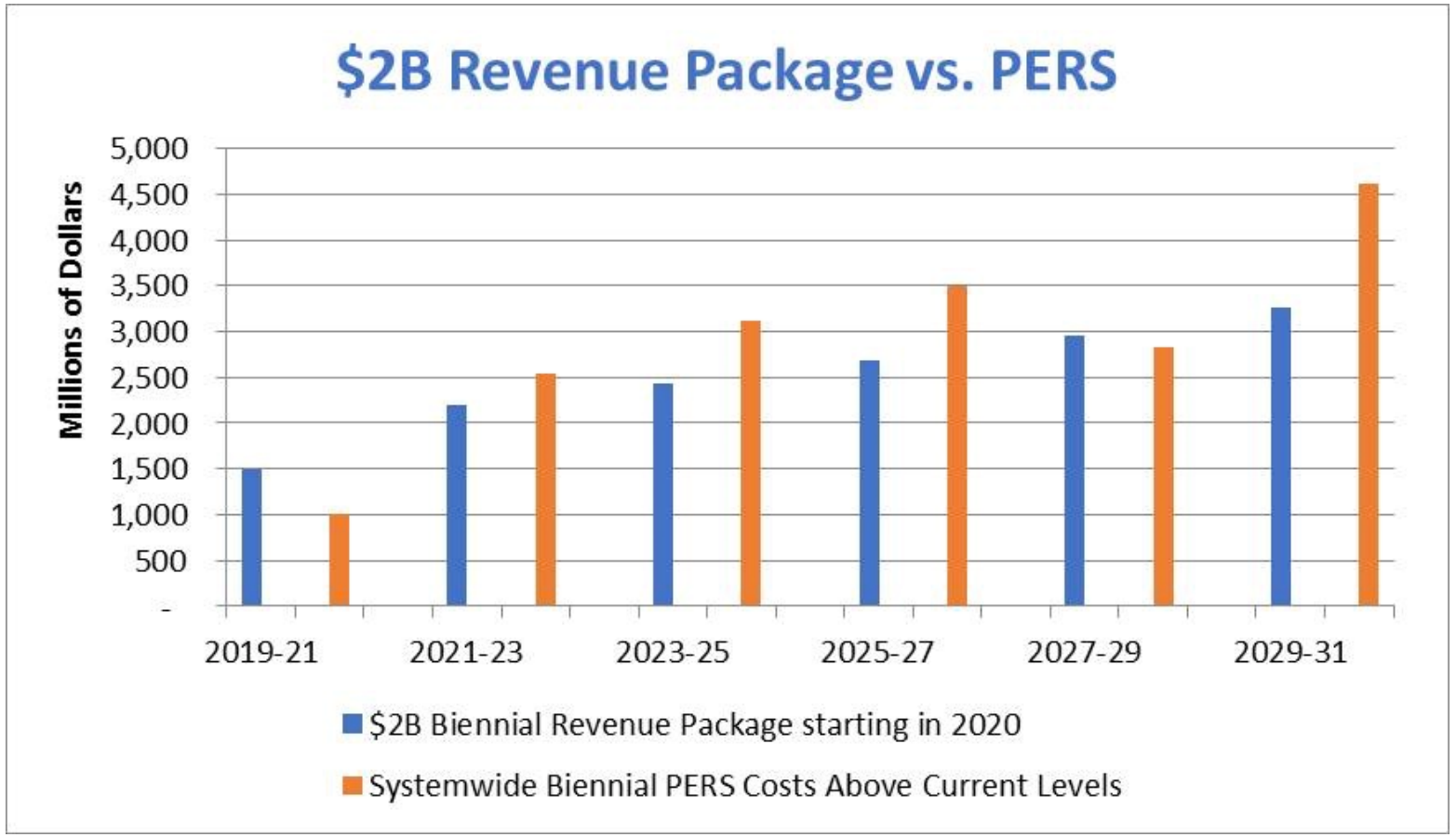


# U.S. public's skepticism of higher education is high




- Families face falling/stagnating real household income and net worth, increasing dependence on loans
- With high tuition, and broad understanding of the need for a college education, families are increasingly worried they will be priced out
- With few financial resources, state legislatures are turning to managing academic affairs to address affordability and access
- Students have more choices at increasingly discounted prices
- Colleges and universities need to: support "system" solutions | differentiate themselves to compete | demonstrate clear value and results

# Our benefits costs are rising fast, and are beyond our control




https://perssolutions.org

- Mandated benefits payments are driving up costs at OSU, leading to budget reductions in Corvallis and slowed investments at Cascades
- We will protect academics as much as possible, but it will mean fewer faculty, fewer courses and course sections, longer times to degree completion, and fewer student services
- PERS cost growth may consume most of any state revenue package of the next few biennia

# We have significant facility renovation needs

- Especially on Corvallis campus
- A result of under-investment over a long period
- $650M in deferred maintenance
- $350M seismic retrofit need
- Conditions in some of our research facilities are particularly poor
- Ability to conduct research and recruit and retain faculty and students are being adversely affected

# FY19 & FY20 Budgets

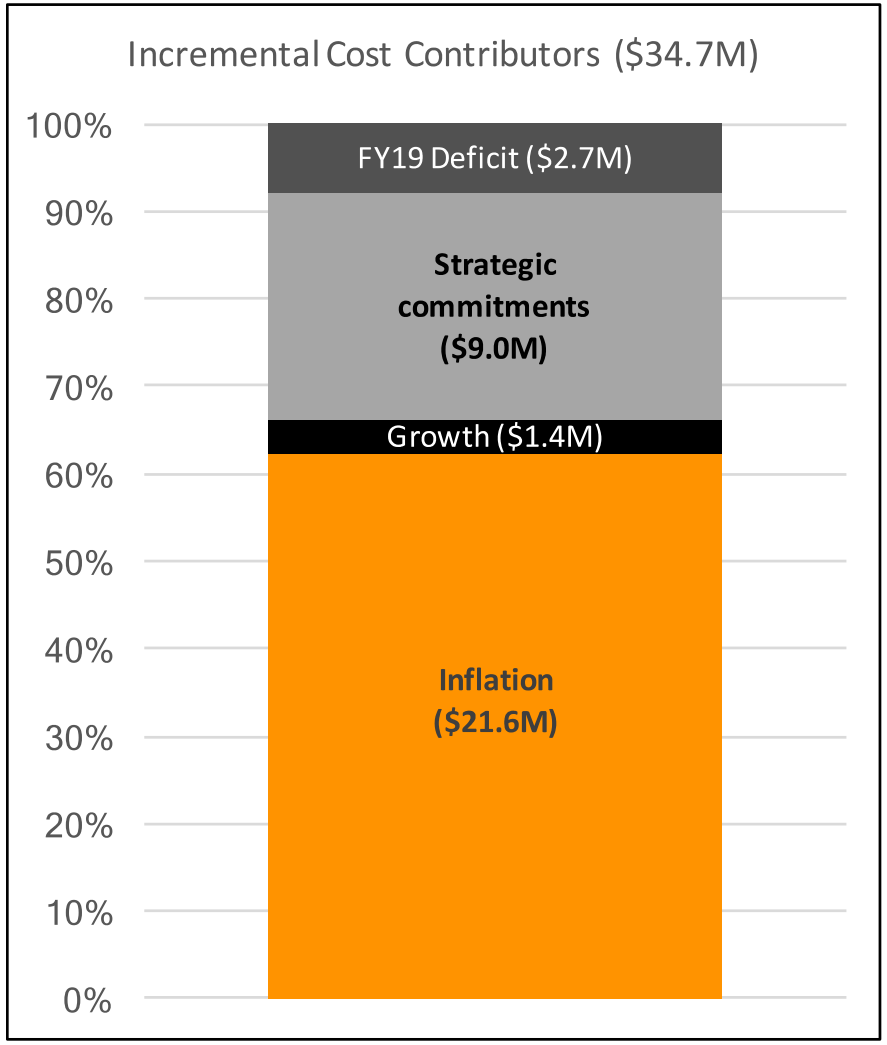
# Corvallis+ budget actions

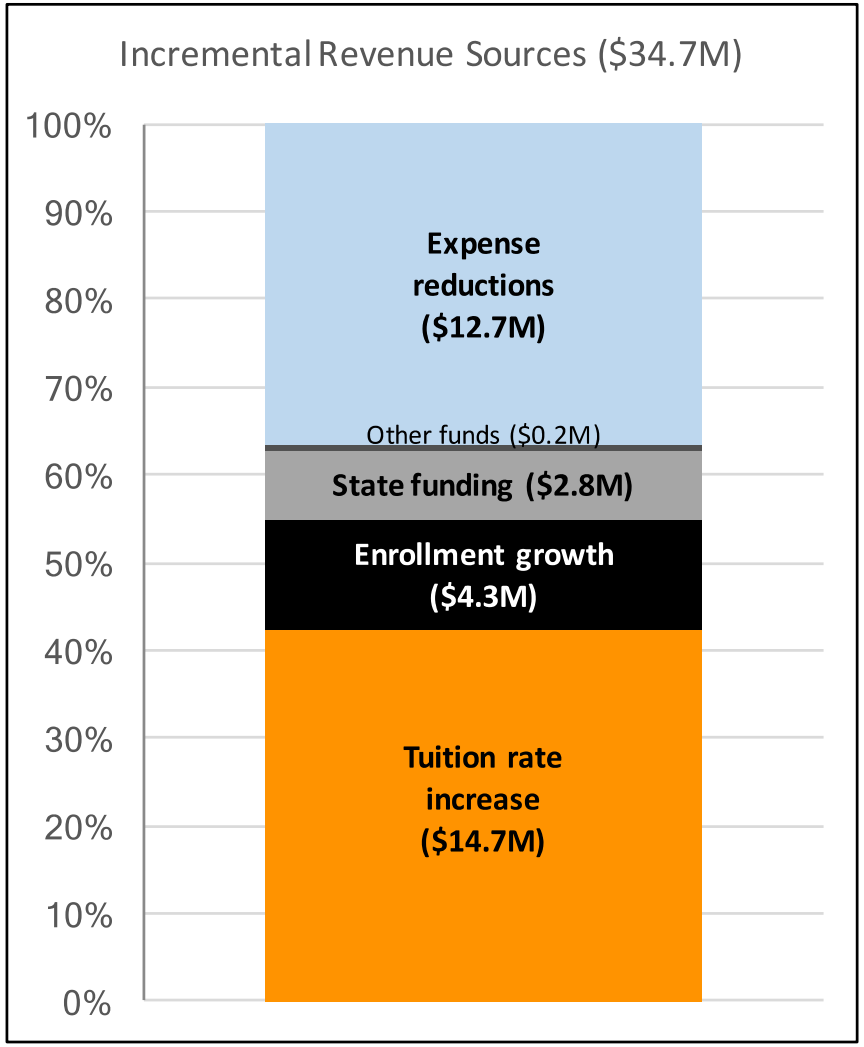
## FY19

- $7.2 million mid-year rescission to address lower than expected Corvallis enrollment

## FY20

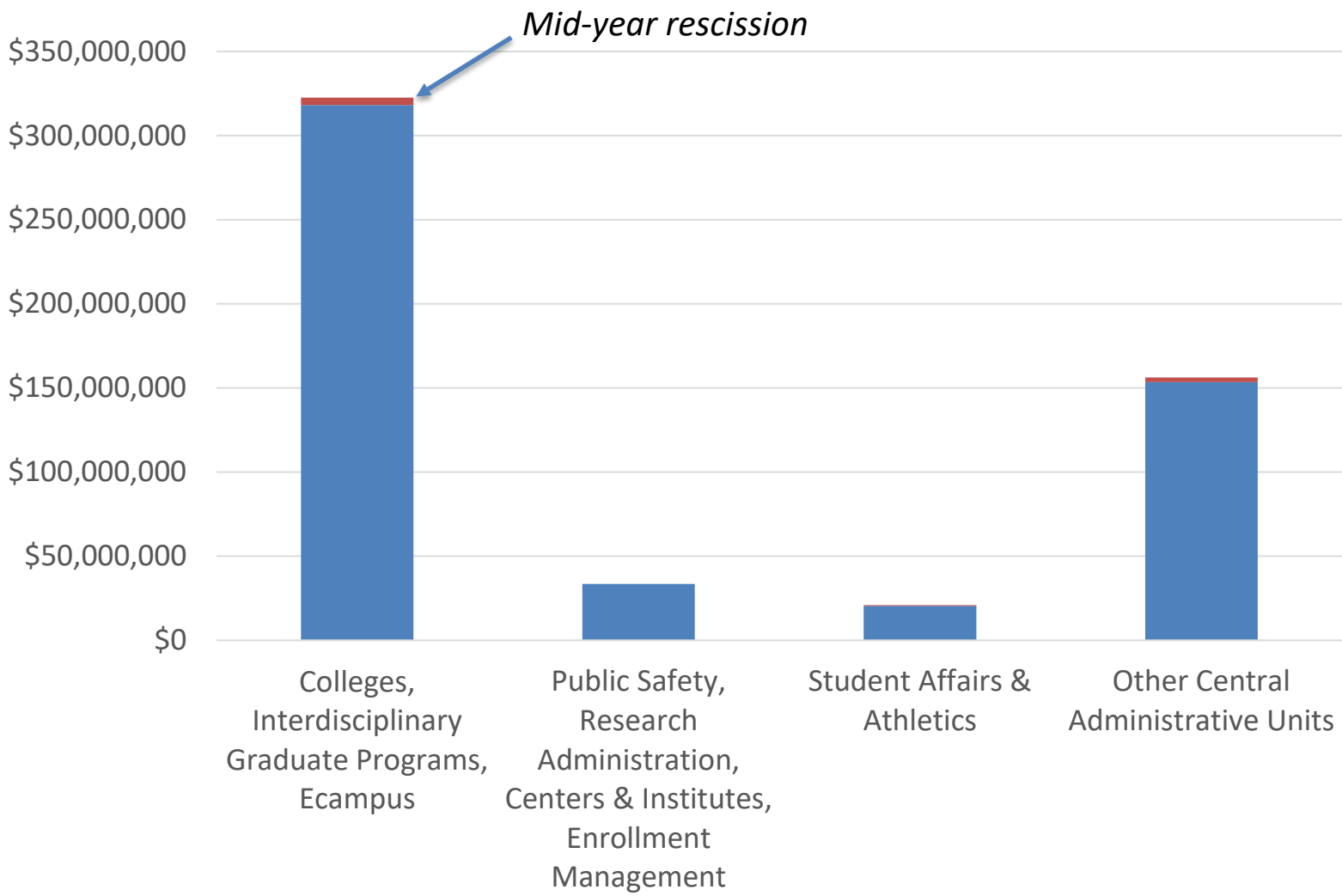
- Cost projections are stable
- State funding is uncertain
- A $40M PUSF increase scenario requires a $12.7M expense reduction (with potential ETSF loss, $19.7 reduction)



# FY19 Mid-year rescission ($7.2 million)

- About 1.7% of general resources overall
- Goals: Protect instruction, research, and safety as much as possible, and recognize need for investment in enrollment management—especially admissions and financial aid
- Academic unit reductions (including colleges, interdisciplinary graduate programs, Ecampus): **Ranged 1.3% to 2.0%**
- Administrative units, Student Affairs, Athletics: **Ranged 2.2% to 3.0%**
- **No reductions**: Public Safety, Research Administration, Centers & Institutes, Enrollment Management



# The “big three” pressures on OSU’s budget

1) Benefits cost increases beyond the university’s control (PERS, PEBB)
2) Slowing enrollment growth
3) Need to continue making strategic investments, especially for facilities renewal on Corvallis campus

# Path Forward

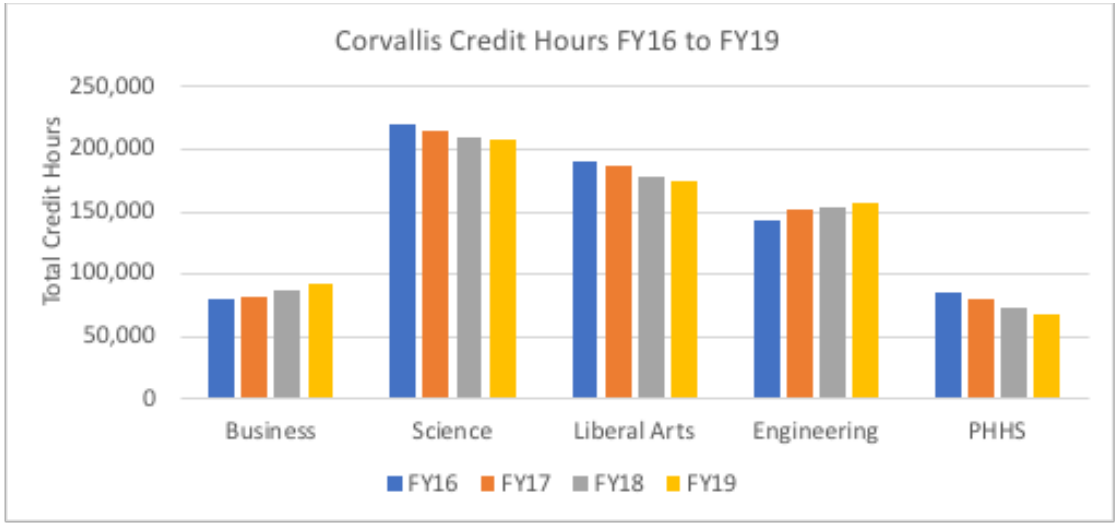
# Budget well: Use every dollar wisely

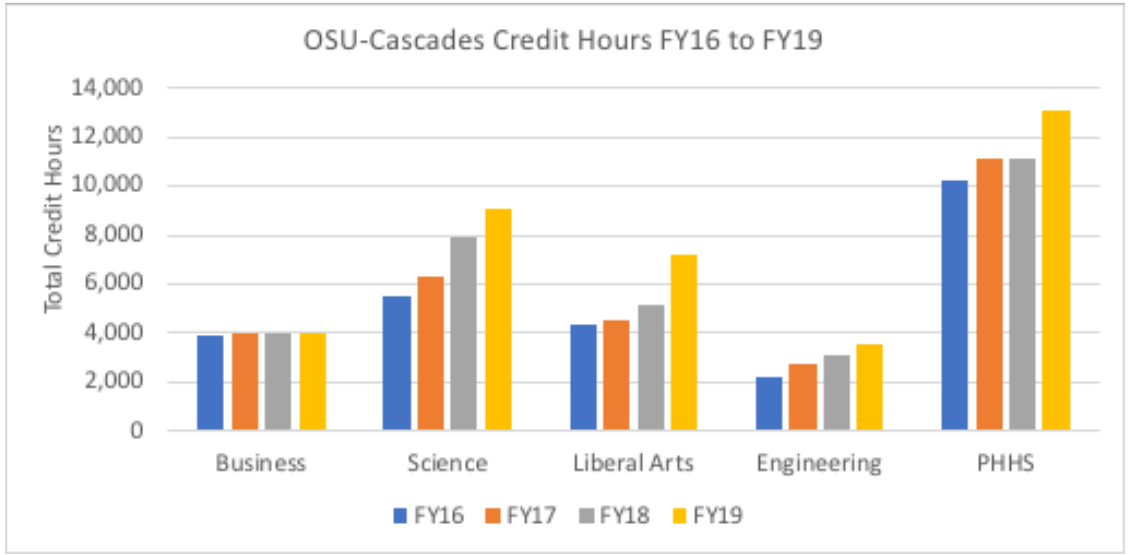
## Good forecasting

- Ten Year Business Forecast
- Ten Year Capital Forecast

## Good budgeting

- Follow systematic annual budget cycle planning
- Make E&G allocations transparent and responsive (“the budget model”)
- Build a strong budgeting community of practice



# Budget well: Use every dollar wisely

## Shared Responsibility Budget Model goals (developed in 2014)

- Support and advance the goals of the university's strategic plan
- Support the diverse academic missions of OSU's colleges and centers
- Promote interdisciplinary and collaborative teaching, research, and outreach and further OSU's culture of collaboration and cooperation

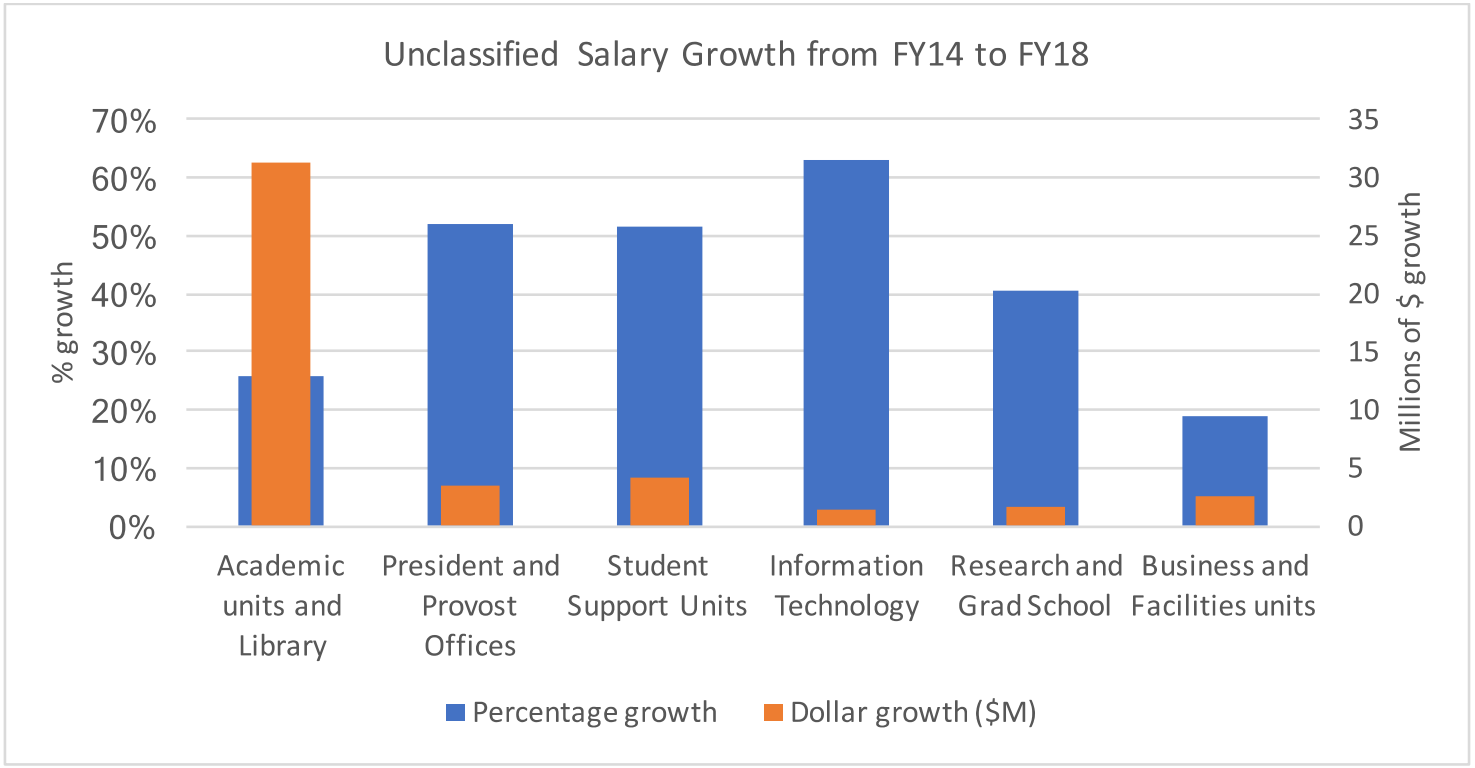
## Selected budgeting process principles (developed in 2014)

- Link budget clearly to the programs and results delivered by academic units
- Be transparent and consultative, understandable to all parts of the University community, and consistent with OSU's commitment to shared governance
- Encourage financial decision making and entrepreneurship at the local level
- Use metrics that are accurate, easy to understand, and easy to measure…

# Manage tuition & expand enrollment strategically

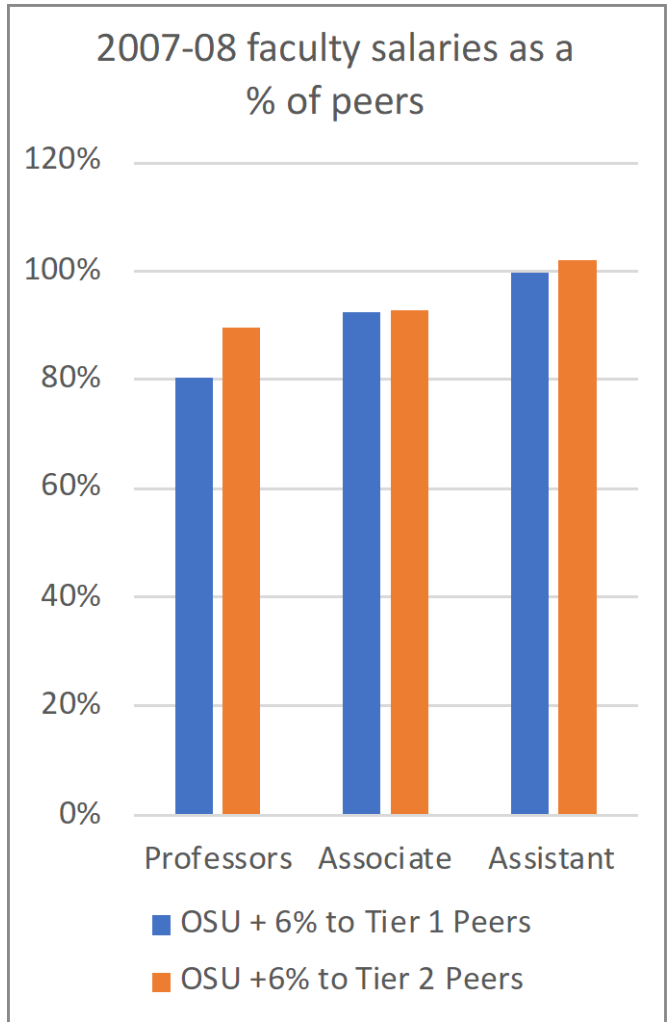
- **Restrain tuition & fee growth**
  - Keep OSU affordable, 2% to 5% maximum per year for undergraduates if at all possible
  - Maintain similarly reduced increase ranges for research graduate degrees
  - Price professional degrees, masters degrees, certificates, post-baccalaureate programs (online or in person) to demand
  - Revisit financial aid strategies and ensure they are working to meet values and goals
- **Sustain & grow enrollment**
  - Continue student success initiative efforts
  - Implement strategies for non-resident growth, including international, while not losing sight of our commitment to people of Oregon
  - Identify opportunities to develop non-thesis MS, certificates, post-baccalaureate programs
  - Speed up development of high-demand offerings for traditional and non-traditional learners
  - Develop and implement graduate program growth strategy to continue progress on goals
  - Ease path and smooth transition for transfer students
  - Implement integrated marketing and admissions effort

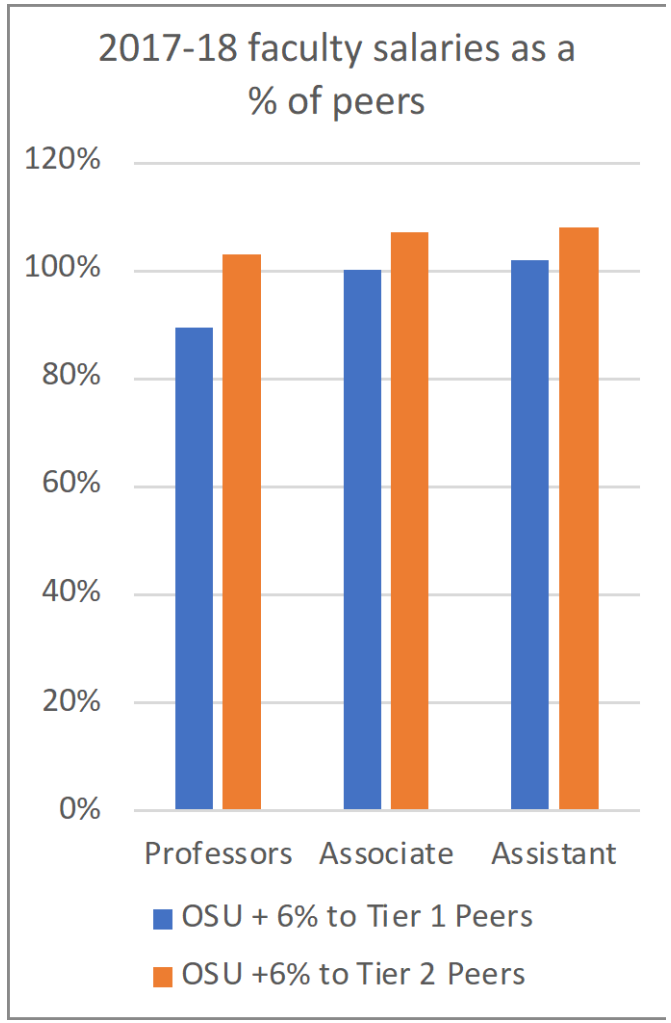
# Reduce our administrative costs




- High % growth in some support areas (though $ growth largely in academics)
- Regularly review value and need for various administrative services
- Maximize efficiency to prioritize funds to academic and research units
- Implement more sophisticated cost analysis
- Clarify definitions of “administration” versus “central services”

# Continue investing in our people




Continue commitment to appropriate raises, even in difficult economic times, to recruit and retain faculty and staff

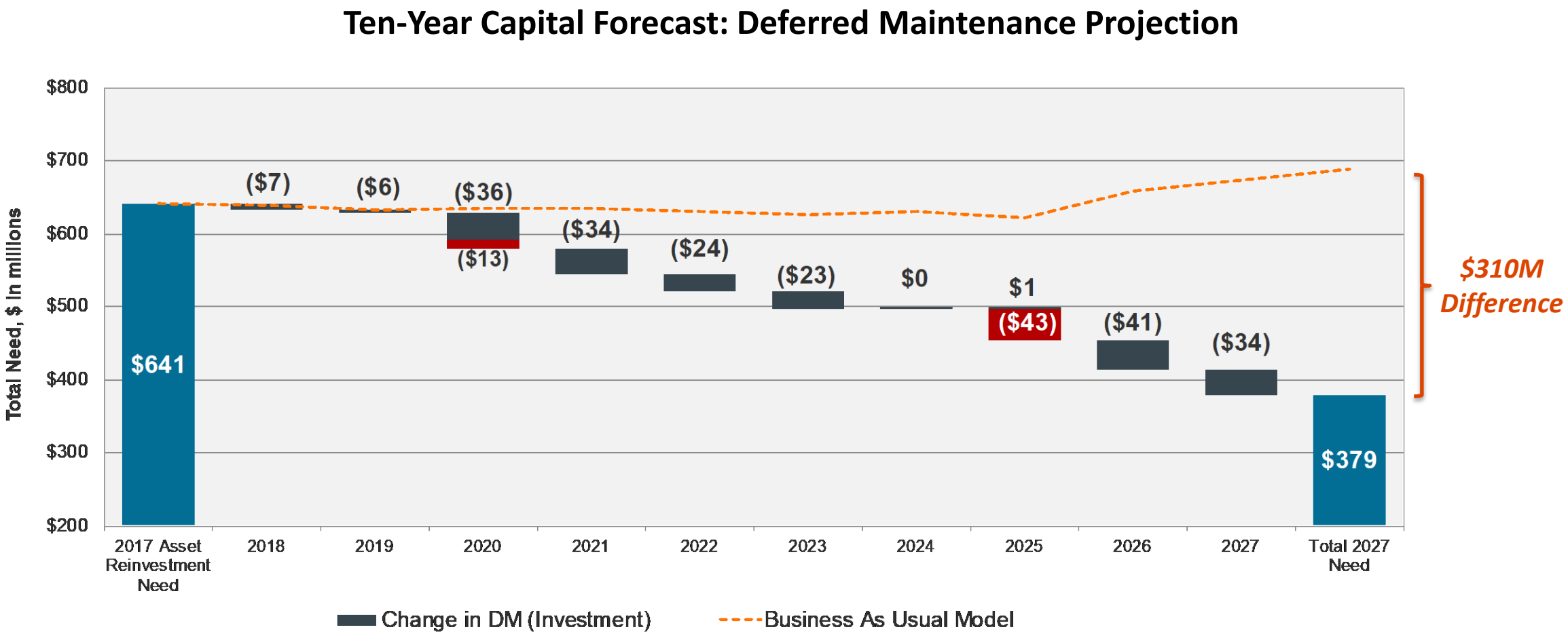
Tier 1 peers: Ohio State, Penn State, Davis, Purdue, Florida, Illinois, Wisconsin

Tier 2 peers: Colorado State, Iowa State, NC State, Riverside, Tennessee, Washington State

From *Chronicle of Higher Education* Faculty Salary data

*We are still assembling sound data on instructor salary comparisons.*

# Implement the facilities renewal program



# Implement the facilities renewal program

**Ten-Year Capital Forecast: Selected Projects**

- Arts & Education Complex
- Research Way Laboratory
- Marine Studies Building
- Oregon Quality Food & Beverage Center
- STEM Education Buildings/Innovation Complex
- Cordley Hall Renovation
- Merryfield Hall Renovation
- Fairbanks Hall Renovation
- Gilkey Hall Renovation
- Cascade Hall Renovation
- Community Hall Renovation
- Batchellor & Covell Hall Renovations
- Gilbert Hall Renovation
- Langton Hall Renovation
- Withycombe Hall Renovation
- Utility Tunnel Extension
- Washington Way Rebuild/Improvement
- PacWave
- Upper Division & Graduate Student Housing
- Newport Housing
- GEM Housing
- Reser Stadium West Grandstands
- Field Sports Building
- Leadership Center
- Gymnastics Building
- Gill Coliseum Basement & Concourse

*Projects in the plan are projected to be supported by various combinations of state-paid bonds, facilities renewal program funding, philanthropic gifts, university-paid bonds, and college reserve funds.*

# Additional actions

- Continue to make the case for state support, directly for PUSF and indirectly in grant aid for students—OSU's impacts on the economic and workforce development of Oregon are significant and deserve state support
- Invest in, and implement, successful next campaign for OSU, with endowed faculty positions, research, scholarships, graduate fellowships as key priorities
- Continue effort to ensure we have an appropriate federal indirect cost recovery rate

# Continue our Progress

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20 Distinctions

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4-6 Tactics per Action

New Strategic Metrics

***The distinctions, actions, and tactics in Vision 2030 and SP4.0 were developed with the opportunities and challenges we face in mind.***

# Twenty Actions

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Retool the OSU experience for the 21st century learner

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Substantially improve our physical and administrative research infrastructure

Integrate and simplify technology systems, data practices and policies to increase our organizational agility

Reduce our carbon footprint

# No standing still: Ongoing projects & initiatives

- Facilities renewal initiative
- Cordley Hall renovation
- OSU-Cascades expansion, including innovation district
- Arts & Education Complex on Corvallis campus
- Marine Studies Building at HMSC
- International graduate pathways revisions and Year 1 concept
- Outdoor economy initiative
- Undergraduate student success initiative
- Campaign for OSU
- Transfer student initiatives
- Investments in enrollment management
- New Forest Science Complex
- VetMed Magruder Hall expansion
- Portland initiatives
- Ecampus and company education benefits programs
- Collaborative innovation complex concept
- *Many others!*

Oregon State University

# More Information

https://leadership.oregonstate.edu/provost/university-budgeting