

FY2020 Q4 OSU Operating Management Report

BACKGROUND

Oregon State University's fiscal year 2020 fourth quarter (Q4, April 1 – June 30, 2020) operating management report presents the fiscal year-end operating results as of June 30, 2020 for the three operating fund groups: Education & 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 14.7% of revenues (\$108.6M on total actual revenues of \$739.1M) compared to a budgeted operating reserve of 12.2% of revenues (\$88.8M on budgeted revenues of \$726.7M).

Self-Support funds ended the year with an operating reserve of 9.0% of revenues (\$19.7M on total actual revenues of \$219.6M) compared to a budgeted operating reserve of 10.7% of revenues (\$27.6M on budgeted revenues of \$257.4M).

Restricted funds net assets were lower than budget. Ending net assets were \$13.1M on total actual revenues of \$398.9M compared to the budgeted net assets of \$14.1M on budgeted revenues of \$367.1M.

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 FY2020 Q4 report for each major operating fund type are as follows:

EDUCATION AND GENERAL

For the Education and General funds, ~~there were no items~~ the following item is of note:

Transfers In

The \$8.3M positive variance for the quarter is primarily due to two actions to help mitigate the revenue impacts of COVID-19. First, the university returned \$5.1M in moneys previously transferred-out to plant funds for deferred maintenance projects. Instead, the university applied state CIR funding available within plant funds for those projects. Second, the university utilized a \$2.1M loan from the Internal Bank to substitute for \$2.1M in debt service payments that had already been made from the E&G fund. A \$2.1M transfer-in reflects the return of those payments.

SELF-SUPPORT

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

Sales & Services

The variance for the quarter is due primarily to \$1.4M higher than anticipated revenue from student resident retention in housing and dining, \$2.0M in network services, \$0.6M in designated operations, \$0.4M in other auxiliaries, offset by \$0.8M lower than anticipated revenue in athletics.

Other

The higher than anticipated revenue for the quarter is due primarily to Regional Class Research Vessel (RCRV) operations receiving a subsidy of \$1.4M from the National Science Foundation due to COVID-19 cruise day cancellations and to athletics sponsorships of \$0.9M.

Transfers In

The \$13.0M positive variance for the quarter is primarily due to two actions that helped mitigate the revenue impacts of COVID-19. First, a \$7.8M transfer of Cares Act funds from restricted funds to offset University Housing and Dining Services refunds issued to students who vacated their housing during spring term due to COVID-19. Second, the university utilized \$5.6M in loans from the Internal Bank to substitute for \$5.6M in debt service payments that had already been made from self-support funds. \$5.6M in transfers-in reflect the return of those payments.

RESTRICTED

For the Restricted funds, the following items are of note:

Other

The quarter variance is primarily due to lower than anticipated athletic foundation gifts of \$2.9M and less than anticipated timber sales in the College of Forestry of \$2.6M.

Supplies & Services & Capital Outlay

The variance for the quarter is due primarily to lower than anticipated RCRV expenses of \$6.8M.

Transfers Out

The variance for the quarter is due primarily to \$7.8M in Cares Act funding transferred-out to Housing and Dining funds as noted above, offset by lower-than-projected transfers to plant funds of \$1.6M.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY2020 Q4 Operating Management Report.

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2020
For the Fiscal Year Ended June 30, 2020

(in thousands except enrollment)

EDUCATION & GENERAL

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2019	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2020	Variance from Budget	YE Projected 6/30/2020	Chg from prior qtr. projection	
State General Fund	\$237,104	105%	n/a	\$212,449	\$226,761	\$226,761	\$10,343	n/a	2,785	
Tuition & Resource Fees, net of Waivers	395,126	99%	n/a	379,028	397,865	398,997	(2,739)	n/a	(1,203)	
Other	106,842	105%	n/a	101,693	102,086	105,586	4,756	n/a	1,036	
Total Revenues	739,072			693,170	726,712	731,344	12,360		2,618	
Personnel Services	(551,933)	102%	n/a	(525,225)	(540,495)	(540,495)	(11,438)	n/a	(4,907)	
Supplies & Services & Capital Outlay	(153,182)	92%	n/a	(156,339)	(165,873)	(165,873)	12,691	n/a	5,904	
Total Expenditures	(705,115)			(681,564)	(706,368)	(706,368)	1,253		997	
Net from Operations	33,957			11,606	20,344	24,976	13,613		3,615	
Transfers In	14,901	402%	n/a	10,013	3,709	3,709	11,192	n/a	8,257	(1)
Transfers Out	(29,681)	120%	n/a	(30,157)	(24,647)	(24,677)	(5,034)	n/a	3,228	
Fund Additions/(Deductions)	0			0	0	0	0	n/a	0	
Change in Unrestricted Net Assets	19,177			(8,538)	(594)	4,008	19,771		15,100	
Beginning Unrestricted Net Assets	89,395			97,933	89,395	89,395	0		0	
Ending Unrestricted Net Assets	\$108,572			\$89,395	\$88,801	\$93,403	\$19,771		\$15,100	
% Operating Revenues	14.7%			12.9%	12.2%	12.8%				
Student FTE Enrollment-YTD Summer thru Spring	28,307	97%		28,159	29,162	29,162	(855)		(855)	

(1) The \$8.3M positive variance for the quarter is primarily due two actions to help mitigate the revenue impacts of COVID-19. First, the university returned \$5.1M in moneys previously transferred-out to plant funds for deferred maintenance projects. Instead, the university applied state CIR funding available within plant funds for those projects. Second, the university utilized a \$2.1M loan from the Internal Bank to substitute for \$2.1M in debt service payments that had already been made from the E&G fund. A \$2.1M transfer-in reflects the return of those payments.

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

As of June 30, 2020
For the Fiscal Year Ended June 30, 2020

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2019	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2020	Variance from Budget	YE Projected 6/30/2020	Chg from prior qtr. projection	
(in thousands)										
SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments										
Enrollment Fees	\$39,608	97%	n/a	\$39,230	\$40,928	\$40,928	(\$1,320)	n/a	329	
Sales & Services	138,692	80%	n/a	164,766	173,280	173,285	(34,588)	n/a	3,905	(2)
Other	41,320	96%	n/a	42,927	43,169	43,164	(1,849)	n/a	4,045	(3)
Total Revenues	219,620			246,923	257,377	257,377	(37,757)		8,279	
Personnel Services	(116,015)	93%	n/a	(116,924)	(125,262)	(125,262)	9,247	n/a	1,008	
Supplies & Services & Capital Outlay	(115,506)	93%	n/a	(124,022)	(124,611)	(124,611)	9,105	n/a	321	
Total Expenditures	(231,521)			(240,946)	(249,873)	(249,873)	18,352		1,329	
Net from Operations	(11,901)			5,977	7,504	7,504	(19,405)		9,608	
Transfers In	23,936	257%	n/a	12,074	9,322	9,322	14,614	n/a	13,040	(4)
Transfers Out	(10,593)	110%	n/a	(22,159)	(9,608)	(9,608)	(985)	n/a	(655)	
Additions/(Deductions) to Unrestricted Net Assets	(6,153)			(6,896)	(4,028)	(4,028)	(2,125)	n/a	(1,366)	
Change in Unrestricted Net Assets	(4,711)			(11,004)	3,190	3,190	(7,901)		20,627	
Beginning Unrestricted Net Assets	24,368			35,372	24,368	24,368	0		0	
Ending Unrestricted Net Assets	\$19,658			\$24,368	\$27,558	\$27,558	(\$7,901)		\$20,627	
% of Operating Revenues	9.0%			9.9%	10.7%	10.7%				
Total Unrestricted Net Assets	\$128,230			\$113,763	\$116,359	\$120,961				
Days of Expenditures in Total Unrestricted Funds	50			45	44	46				

- (2) The variance for the quarter is due primarily to \$1.4M higher than anticipated revenue from student resident retention in housing and dining, \$2.0M in network services, \$0.6M in designated operations, \$0.4M in other auxiliaries, offset by \$0.8M lower than anticipated revenue in athletics.
- (3) The higher than anticipated revenue for the quarter is due primarily to Regional Class Research Vessel (RCRV) operations receiving a subsidy of \$1.4M from the National Science Foundation due to COVID-19 cruise day cancellations and to athletics sponsorships of \$0.9M.
- (4) The \$13.0M positive variance for the quarter is primarily due two actions that helped mitigate the revenue impacts of COVID-19. First, a \$7.8M transfer of Cares Act funds from restricted funds to offset Housing and Dining refunds issued to students who vacated their housing during Spring term due to COVID-19. Second, the university utilized \$5.6M in loans from the Internal Bank to substitute for \$5.6M in debt service payments that had already been made from self-support funds. A \$5.6M transfer-in reflects the return of those payments.

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

As of June 30, 2020
For the Fiscal Year Ended June 30, 2020

(in thousands)

RESTRICTED FUNDS

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2019	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	6/30/2019 Prior Yr. Actual	Budget	Adjusted Budget 6/30/2020	Variance from Budget	YE Projected 6/30/2020	Chg from prior qtr. projection	
Federal	\$283,696	115%	n/a	\$248,123	\$246,437	\$248,000	\$37,259	n/a	771	
State	19,892	100%	n/a	20,139	19,924	20,306	(32)	n/a	(2,139)	
Other	95,292	95%	n/a	97,158	100,701	101,674	(5,409)	n/a	(6,907)	(5)
Total Revenues	398,880			365,420	367,062	369,980	31,818		(8,275)	
Personnel Services	(139,361)	101%	n/a	(134,832)	(138,219)	(140,000)	(1,142)	n/a	(837)	
Supplies & Services & Capital Outlay	(251,747)	111%	n/a	(222,042)	(226,426)	(228,000)	(25,321)	n/a	9,753	(6)
Total Expenditures	(391,108)			(356,874)	(364,645)	(368,000)	(26,463)		8,916	
Net from Operations	7,772			8,546	2,417	1,980	5,355		641	
Transfers In	55	73%	n/a	15	75	75	(20)	n/a	(11)	
Transfers Out	(8,396)	392%	n/a	(5,545)	(2,140)	(2,140)	(6,256)	n/a	(6,253)	(7)
Additions/(Deductions) to Restricted Net Assets	(81)			0	0	(81)	(81)	n/a	0	
Change in Restricted Net Assets	(650)			3,016	352	(166)	(1,002)		(5,623)	
Beginning Restricted Net Assets	13,733			10,716	13,733	13,733	0		0	
Ending Restricted Net Assets	\$13,083			\$13,733	\$14,085	\$13,567	(\$1,003)		(\$5,623)	
% of Operating Revenues	3.3%			3.8%	3.8%	3.7%				

- (5) The quarter variance is primarily due to lower than anticipated athletic foundation gifts of \$2.9M and less than anticipated timber sales in the College of Forestry of \$2.6M.
(6) The variance for the quarter is due primarily to lower than anticipated RCRV expenses of \$6.8M.
(7) The variance for the quarter is due primarily to \$7.8M in Cares Act funding transferred-out to Housing and Dining funds as noted above, offset by lower than projected transfers to plant of \$1.6M.

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

As of June 30, 2020
For the Fiscal Year Ended June 30, 2020

	E&G	Self-Support		Plant fund	Restricted	Other	Total
		Auxiliary	Designated Operations & Service Departments				
Transfers In - E&G		\$213	\$2,548 (d)	\$11,195	\$244	\$ 701	\$14,901
Transfers Out - E&G		7,855 (a)	944 (b)	20,827 (c)	55		29,681
Transfers In - Auxiliary	\$7,855 (a)			1,649	7,780 (e)	-	22,966
Transfers Out - Auxiliary	213			7,098 (c)			7,311
Transfers In - Designated Operations & Service Departments	944 (b)			26			970
Transfers Out - Designated Operations & Service Departments	2,548 (d)			734			3,282
Transfers In - Restricted	55						55
Transfers Out - Restricted	244	7,780 (e)		372 (c)			8,396

- (a) mainly support for athletics-\$8.8M
- (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
- (e) transfer of CARES act funding to housing & dining

October 14-16, 2020 Board of Trustees Meetings