

FY2021 Q4 OSU Operating Management Report

BACKGROUND

Oregon State University's fiscal year (FY) 2021 fourth quarter (Q4, Apr. 1 – Jun. 30, 2021) Operating Management Report presents the fiscal year-end operating results as of June 30, 2021 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 23.3% of revenues (\$174.2M on total actual revenues of \$747.9M) compared to a budgeted operating reserve of 13.9% of revenues (\$97.4M on budgeted revenues of \$698.4M). The operating reserve is above the board policy range of 20% due to the decision to fund capital improvement and renewal projects through the internal bank. Ending unrestricted net assets were \$76.8M higher than anticipated in the initial budget. State and general fund revenues were \$51.3M more than anticipated when the initial budget was prepared in the spring 2020. This increase was reflected in the adjusted budget presented to the Board in fall 2020. In navigating the financial uncertainty of the pandemic, the university chose to largely retain staff, so personnel expenses were \$25.2M more than anticipated in the initial budget. The decision to fund capital renewal through the internal bank for cash flow purposes impacted the initial budget for transfers in by returning \$11.7M to central funds for existing capital projects, and transfers out by \$22.0M for anticipated funding for capital projects.

Self-Support funds ended the year with an operating reserve of 7.3% of revenues (\$11.7M on total actual revenues of \$161.0M) compared to a budgeted operating reserve of 9.7% of revenues (\$21.2M on budgeted revenues of \$218.1M).

Restricted funds net assets were lower than budget. Ending net assets were \$5.7M on total actual revenues of \$427.4M compared to the budgeted net assets of \$16.7M on budgeted revenues of \$413.4M.

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 FY2021 Q4 report for each major operating fund type are as follows:

EDUCATION AND GENERAL

For the Education and General funds, the following items are of note:

Supplies & Services & Capital Outlay – There was \$22.9M less in expenditures than projected in the third quarter report. This is primarily due to \$11.9M less than anticipated

spending in the Outdoor School program, due to uncertainties related to COVID conditions and the varying abilities to move to in-person programming. Several units had anticipated a combined total of \$6.0M in additional spending in the fourth quarter, foreseeing the lessening of COVID restrictions, which did not occur. Vet Med anticipated a \$0.8M loan payment for the Magruder project that was to be closed out during FY21, but will now close in FY22. University IT anticipated \$0.8M in cyber security expenditures that will now occur in FY22. Student Affairs included \$0.8M in childcare facility renovation expenses in S&S that were ultimately transferred out to a plant fund.

SELF-SUPPORT

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

Sales & Services – The \$3.1M positive variance for the quarter is due primarily to greater than anticipated revenue for Athletics' Learfield sponsorship, Pac-12 distributions of \$2.0M; University Housing and Dining Services (UHDS) saw better than anticipated student resident retention and higher robot food delivery sales of \$1.8M; Student Health Services had \$1.3M lower than anticipated revenue due to continued decline in medical, lab, and onsite visits.

Supplies & Services & Capital Outlay – The \$13.9M positive variance for the quarter is due primarily to \$10.0M in realized savings on home events, team travel, recruiting, scholarships and COVID testing in Athletics. Additionally, UHDS realized \$3.8M less expenses due to diligent cost containment efforts.

Transfers In – The \$19.2M positive variance for the quarter is due primarily to \$15.1M in federal funds (HEERF II Coronavirus Aid, Response, Relief, and Supplemental Appropriation Act) transferred from restricted funds and a \$3.7M internal bank loan to the Statewide Fiber Network for equipment to light the dark fiber network.

Additions (Deductions) to Unrestricted Net Assets – The \$2.5M negative variance for the quarter is due primarily to two amended internal bank loans, increasing \$1.8M in principal for Cascades Housing and Dining and INTO and \$0.5M for Telecom capital equipment.

RESTRICTED

For Restricted funds, the following items are of note:

Federal – The \$18.3M positive variance for the quarter is due primarily to the drawdown of \$18.9M HEERF II Coronavirus Aid, Response, Relief, and Supplemental Appropriation Act funding.

Other – The \$7.0M negative variance for the quarter is due primarily to lower than anticipated campus affiliated foundation gifts.

Transfers Out – The \$24.3 negative variance for the quarter is due primarily to \$18.9M in HEERF II Coronavirus Aid, Response, Relief, and Supplemental Appropriation Act funding transferred to other funds and \$2.3M in harvest sales transferred to the Forest Science Complex plant fund.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY2021 Q4 Operating Management Report.

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2021
For the Fiscal Year Ended June 30, 2021

(in thousands except enrollment)

EDUCATION & GENERAL

	YTD Actual				Budget & YE Projection				Notes
	A	B	C		D	E	F	G	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	6/30/2020 Prior Yr. Actual	Budget	Adjusted Budget 6/30/2021	YE Projected 6/30/2021	Chg from prior qtr. projection	
State General Fund	\$247,675	100%	n/a	\$237,104	\$196,336	\$240,804	\$247,321	\$354	
Tuition & Resource Fees, net of Waivers	389,707	99%	n/a	395,126	404,425	393,715	392,198	(2,491)	
Other	110,494	105%	n/a	106,842	97,626	95,571	105,538	4,956	
Total Revenues	747,876			739,072	698,387	730,090	745,057	2,819	
Personnel Services	(552,317)	101%	n/a	(551,933)	(527,100)	(544,498)	(546,318)	(5,999)	
Supplies & Services & Capital Outlay	(140,734)	86%	n/a	(153,182)	(153,700)	(168,409)	(163,652)	22,918	(1)
Total Expenditures	(693,051)			(705,115)	(680,800)	(712,907)	(709,970)	16,919	
Net from Operations	54,825			33,957	17,587	17,183	35,087	19,738	
Transfers In	27,270			14,901	5,476	5,476	20,208	7,062	
Transfers Out	(16,484)			(29,681)	(34,254)	(32,691)	(15,749)	(735)	
Fund Additions/(Deductions)	(0)			0	0	0	0	(0)	
Change in Unrestricted Net Assets	65,611			19,177	(11,191)	(10,032)	39,546	26,065	
Beginning Unrestricted Net Assets	108,572			89,395	108,572	108,572	108,572	0	
Ending Unrestricted Net Assets	\$174,183			\$108,572	\$97,381	\$98,540	\$148,118	\$26,065	
% Operating Revenues	23.3%			14.7%	13.9%	13.5%	19.9%		
Student FTE Enrollment-YTD Summer thru Spring	28,355	101%	n/a	28,307	28,166	28,166	28,166	189	

(1) There was \$22.9M less in expenditures than projected in the third quarter report. This is primarily due to \$11.9M less than anticipated spending in the Outdoor School program, due to uncertainties related to COVID conditions and the varying abilities to move to virtual programming. During budgeting, several units had anticipated a combined total of \$6.0M in additional spending in the fourth quarter, foreseeing the lessening of COVID restrictions, which did not occur. Vet Med anticipated a \$0.8M loan payment for the Magruder project that was to be closed out during FY21, but will now close in FY22. University IT anticipated \$0.8M in cyber security expenditures that will now occur in FY22. Student Affairs included \$0.8M in childcare facility renovation expenses in S&S that were ultimately transferred out to a plant fund.

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2021
For the Fiscal Year Ended June 30, 2021

(in thousands)

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments

	YTD Actual				Budget & YE Projection				Notes
	A	B	C	6/30/2020	D	E	F	G	
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2021	YE Projected 6/30/2021	Chg from prior qtr. projection	
Enrollment Fees	\$41,503	101%	n/a	\$39,608	\$36,889	\$29,904	\$41,092	\$411	
Sales & Services	84,982	104%	n/a	138,692	143,773	98,943	81,909	3,073	(2)
Other	34,548	100%	n/a	41,320	37,460	29,636	34,693	(145)	
Total Revenues	161,033			219,620	218,122	158,483	157,694	3,339	
Personnel Services	(103,660)	99%	n/a	(116,015)	(106,535)	(101,649)	(104,994)	1,334	
Supplies & Services & Capital Outlay	(91,074)	87%	n/a	(115,506)	(108,501)	(109,423)	(104,970)	13,896	(3)
Total Expenditures	(194,734)			(231,521)	(215,036)	(211,072)	(209,964)	15,230	
Net from Operations	(33,701)			(11,901)	3,086	(52,589)	(52,270)	18,569	
Transfers In	39,507			23,936	9,093	7,530	20,282	19,225	(4)
Transfers Out	(5,529)			(10,593)	(6,236)	(6,426)	(5,024)	(505)	
Additions/(Deductions) to Unrestricted Net Assets	(8,209)			(6,153)	(4,394)	(4,394)	(5,692)	(2,517)	(5)
Change in Unrestricted Net Assets	(7,932)			(4,711)	1,549	(55,879)	(42,704)	34,772	
Beginning Unrestricted Net Assets	19,658			24,368	19,658	19,658	19,658	0	
Ending Unrestricted Net Assets	\$11,725			\$19,658	\$21,207	(\$36,221)	(\$23,046)	\$34,772	
% of Operating Revenues	7.3%			9.0%	9.7%	-22.9%	-14.6%		
Total Unrestricted Net Assets				\$128,230	\$118,588	\$62,319	\$125,072		
Days of Expenditures in Total Unrestricted Funds				50	48	25	50		

(2) The \$3.1M positive variance for the quarter is due primarily to greater than anticipated revenue for Athletics Learfield sponsorship, PAC-12 distributions of \$2.0M; University Housing and Dining (UHDS) saw better than anticipated student resident retention and higher robot food delivery sales of \$1.8M; Student Health Services had \$1.3M lower than anticipated revenue due to continued decline in medical, lab, and onsite visits.

(3) The \$13.9M positive variance for the quarter is due primarily to \$10.0M in realized savings on home events, team travel, recruiting, scholarships and COVID testing in Athletics. Additionally, UHDS realized \$3.8M less expenses due to diligent cost containment efforts.

(4) The \$19.2M positive variance for the quarter is due primarily to \$15.1M in federal funds (HEERF II Coronavirus Aid, Response, Relief, and Supplemental Appropriation Act) transferred from restricted funds and a \$3.7M internal bank loan to Statewide Fiber Network for equipment to light the dark fiber network.

(5) The \$2.5M negative variance for the quarter is due primarily to two amended internal bank loans increasing \$1.8M in principal payments for Cascades Housing and Dining and INTO dorm and \$0.5M for Telecom capital equipment.

October 6-8, 2021 Board of Trustees Meetings

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2021
For the Fiscal Year Ended June 30, 2021

(in thousands)

RESTRICTED FUNDS

	YTD Actual				Budget & YE Projection				
	A	B	C		D	E	F	G	Notes
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	6/30/2020 Prior Yr. Actual	Budget	Adjusted Budget 6/30/2021	YE Projected 6/30/2021	Chg from prior qtr. projection	
Federal	\$313,306	106%	n/a	\$283,696	\$293,648	\$293,090	\$295,000	\$18,306	(6)
State	23,890	114%	n/a	19,892	21,976	21,590	21,000	2,890	
Other	90,173	92%	n/a	95,292	97,784	89,181	97,600	(7,427)	(7)
	427,369			398,880	413,408	403,861	413,600	13,769	
Personnel Services	(145,842)	102%	n/a	(139,361)	(147,305)	(141,351)	(142,314)	(3,528)	
Supplies & Services & Capital Outlay	(260,602)	100%	n/a	(251,747)	(259,560)	(258,239)	(261,000)	398	
Total Expenditures	(406,444)			(391,108)	(406,865)	(399,590)	(403,314)	(3,130)	
Net from Operations	20,925			7,772	6,543	4,271	10,286	10,639	
Transfers In	3			55	70	70	70	(67)	
Transfers Out	(28,287)			(8,396)	(3,000)	(3,000)	(4,007)	(24,280)	(8)
Additions/(Deductions) to Restricted Net Assets	(0)			(81)	0	0	0	(0)	
Change in Restricted Net Assets	(7,359)			(650)	3,613	1,341	6,349	(13,708)	
Beginning Restricted Net Assets	13,083			13,733	13,083	13,083	13,083	0	
Ending Restricted Net Assets	\$5,724			\$13,083	\$16,696	\$14,424	\$19,432	(\$13,708)	
% of Operating Revenues	1.3%			3.3%	4.0%	3.6%	4.7%		

(6) The \$18.3M positive variance for the quarter is due primarily to the drawdown of \$18.9M HEERF II Coronavirus Aid, Response, Relief, and Supplemental Appropriation Act funding.

(7) The \$7.0M negative variance for the quarter is due primarily to lower than anticipated campus affiliated foundation gifts.

(8) The \$24.3M negative variance for the quarter is due primarily to \$18.9M in HEERF II Coronavirus Aid, Response, Relief, and Supplemental Appropriation Act funding transferred to other funds and \$2.3M in harvest sales transferred to the Forest Science Complex plant fund.

October 6-8, 2021 Board of Trustees Meetings

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

As of June 30, 2021
For the Fiscal Year Ended June 30, 2021

	Self-Support										
	E&G		Auxiliary		Designated Operations & Service Departments		Plant fund		Restricted	Other	Total
Transfers In - E&G			\$280		\$2,662 (d)		\$20,057		\$3,841	\$ 430	\$27,270
Transfers Out - E&G			8,301 (a)		1,130 (b)		6,570 (c)		3	480	16,484
Transfers In - Auxiliary	\$8,301 (a)						10,768		13,537		32,606
Transfers Out - Auxiliary	279						1,030 (c)				1,309
Transfers In - Designated Operations & Service Departments	1,130 (b)						287		1,754	3,730	6,901
Transfers Out - Designated Operations & Service Departments	2,662 (d)						1,558				4,220
Transfers In - Restricted	3										3
Transfers Out - Restricted	3,841		13,537		1,754		9,155 (c)				28,287

(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

October 6-8, 2021 Board of Trustees Meetings