FY2021 Revised Operating Budget
Finance & Administration Committee
October 14, 2020
Overview

• Operating budget update
• What has changed since May?
• Revised budget projections
• Management strategies
• Principal remaining uncertainties
• Questions?
Budget Context and Challenges

A scenario approach to planning since March:

- All funds estimates
- Major revenue variables
  - State funding
  - Enrollment by major student group
  - Sales, service, other revenues
  - Research revenues and indirect costs
  - Additional financial aid to build enrollment
What has changed since May?

• Credit hour enrollment stronger than expected so far
  o Ecampus up significantly more than projected in May by 27%
  o Graduate and professional down about 2.7%
  o Corvallis undergraduate down more than projected in May, now 6.2%, international undergraduates down over 25%
  o Cascades showing growth over last year, 7% in credit hours

• Enrollment stable from beginning of class to 100% refund drop deadline on Oct. 4

• Athletics planning is solidifying

• University Housing and Dining contract numbers have stabilized

• Salary reduction implemented Sept. 1
Where are the projections now?

• Cases are converging but uncertainties remain
• A 1% variance in Corvallis E&G projections is about $6.3M
• A 1% variance in all funds projections is about $14.7M
Revenue and Expenses

Oregon State University FY2021 Operating Budget All Funds (in $1,000s)

- Expense: Restricted Funds
- Expense: Self-support Funds
- Expense: Education & General Funds
- Revenue: Restricted Funds
- Revenue: Self-support Funds
- Revenue: Education & General Funds

Where are the projections now?

- **Corvallis E&G**
  - May board budget: $(124.8M)
  - Sept planning estimate: $(202M)
  - August planning estimate: $(217.2M)
  - Revised budget Oct: $(173.1M)

- **Cascades E&G**
  - May board budget: $(1.8M)
  - Sept planning estimate: $(6M)
  - August planning estimate: $(1.4M)
  - Revised budget Oct: $(6M)

- **SWPS E&G**
  - May board budget: $(0.3M)
  - Sept planning estimate: $(6M)
  - August planning estimate: $(15M)
  - Revised budget Oct: $(6M)

- **Restricted Funds**
  - May board budget: $(19M)
  - Sept planning estimate: $(39M)
  - August planning estimate: $(35M)
  - Revised budget Oct: $(28M)

- **Self Support Funds**
  - May board budget: $(41M)
  - Sept planning estimate: $(41M)
  - August planning estimate: $(41M)
  - Revised budget Oct: $(101M)
  - $(115M)

- **Gap between revenue and expense**
  - $(55M)$
  - $(49M)$
  - $(37M)$
  - $(43M)$
  - $(115M)$
  - $(118M)$
Where are the projections now?

FY21 change in fund balance

- Corvallis
- Cascades
- SWPS
- Restricted funds
- Self-support funds

- May Board budget
- Revised budget
What are the strategies?

Corvallis E&G budget management strategies

<table>
<thead>
<tr>
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<th>Revenue gap (M$)</th>
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<td>Board budget ($49M)</td>
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<td>August planning estimate ($55M)</td>
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<td>Revised FY21 budget ($37M)</td>
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<td>Worst case estimate ($42M)</td>
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- Reduced capital renewal
- Reduced services and supplies
- Reduced personnel costs
- Fund balance
What are the strategies?

OSU all-funds budget management strategies

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<tr>
<th>Revenue gap ($M)</th>
<th>Board budget ($124.8M)</th>
<th>August planning estimate ($217.2M)</th>
<th>Revised FY21 budget ($173.1M)</th>
<th>Worst case estimate ($208.6M)</th>
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- Corvallis reductions
- Cascades reductions
- SWPS Reductions
- Self-support reductions
- E&G fund balance
- Other funds
- Restricted fund reductions
What are the uncertainties?

• Enrollment is stronger than expected and seems stable, with the final drop deadline on Oct. 18
• Changes in the public health situation could still impact housing and athletics for fall
• Winter term enrollment begins Nov. 18. The student experience in fall will be critical to retention and enrollment for winter
• Additional federal stimulus funding remains a possibility but is unknown
Key dates and next steps

- **Oct. 4**  Last day for withdrawal with 100% refund
- **Oct. 18** Last day for withdrawal with 50% refund
- **Nov. 15** Registration for winter term begins
- **Ongoing** Engagement with federal delegation on higher education and state support
- **Ongoing** Updating projections and adjustment to salary reduction program as appropriate
- **Ongoing** Discussions with Pac-12 on Athletics planning and bridge financing support
- **Ongoing** Planning for cash management strategies for self-support units
- **Jan. 4**  Winter term classes begin
- **Jan. 29**  Board of Trustees meeting
The Finance & Administration Committee recommends to the Board that it approve the revised FY2021 operating budget, as presented in Tables 3 through 7.
Questions?