FY2020 Operating Budget
Finance & Administration Committee
May 30, 2019
The operating budget is an estimate of revenues and a plan for deploying those revenues during the next year guided by:

- Vision 2030 and Strategic Plan 4.0
- Ten-year business forecast
- Ten-year capital forecast
- Contractual obligations
- Financial position of the university
Budget Context and Challenges:

- State funding uncertainty
- Softening enrollment
- Tuition and fee increases under 5%
- Statewide Public Services funding less than inflation
- Cost increases outside of OSU’s control
- $18M gap in Corvallis E&G
- Need to make investments
Of the 20 actions in SP4.0, this budget primarily focuses on:

- Recruiting and enrolling learners at all levels
- Improve our physical...research infrastructure
- Expand pathways to an OSU credential
- Retool...alumni, parent and friend engagement
Ten-year strategy for supporting SP4.0 goals

- Modest tuition increases
- Enrollment growth strategies
- Expense reduction management
Revenue and Expenses

Oregon State University FY2020 Operating Budget All Funds (in $1,000s)
Education and General Funds: (Table 1) 
Challenges & Uncertainties

• Transition to productivity-informed budget model
• Enrollment projections and yield in the fall
• Uncertainty in levels of state funding
• Program capacity and breadth at OSU-Cascades
• Maintaining Statewide Public Services
Education and General Funds (Table 1)
Major strategic issues and new commitments

• Third increment of E&G capital renewal funding
• Increases to Foundation and Alumni Association
• Funding a mid-year salary increase
• Investments in Enrollment Management
• Continued growth at Cascades
• Closing the revenue-expense gap in Corvallis
Corvallis Revenue-Expense Gap: Changes since March

Incremental Cost Contributors ($37.8M)

- FY19 Deficit ($2.7M)
- Insurance increase ($3.3M)
- Strategic commitments ($9.0M)
- Growth ($1.4M)
- Inflation ($21.4M)

Incremental Revenue Sources ($37.8M)

- Expense reductions ($18.0M)
- Other funds ($0.2M)
- State funding ($2.8M)
- Enrollment growth ($2.1M)
- Tuition rate increase ($14.7M)
## Corvallis E&G: Expense Gap in Personnel Services

<table>
<thead>
<tr>
<th>in thousands</th>
<th>Adjustment Category</th>
<th>Roll Up Costs in Category</th>
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<tbody>
<tr>
<td>FY2019</td>
<td>Personnel Services</td>
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<tr>
<td>FY2019 to FY2020 increases</td>
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<td>PERS/Other</td>
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<td>Salary Roll Up</td>
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<td>Program Growth</td>
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<td>FY2020</td>
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<td></td>
<td>Reductions</td>
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<tr>
<td>FY2020</td>
<td>Personnel Budget</td>
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</tbody>
</table>
Budget Strategies for Corvallis Revenue-Expense gap

Expense Reduction Strategy by function

- Personnel vacancies, reductions ($8.7M)
- Services and supplies net reduction ($5.2M)
- Capital, debt, other deferral ($4.1M)

Expense reduction strategy by budget unit

- Contractual/strategic ($4.1M)
- Administrative and Support ($5.0M)
- Colleges, Centers, Programs ($8.8M)
Scenarios for Legislative Funding

Corvallis E&G Budget Strategy for Biennial State Funding Increments

- Revenue or Reductions ($M)
- $18M
- $15M
- $12M
- $8.7M
- $5.5M

- Tuition rate increase ($14.7M)
- Enrollment growth ($2.1M)
- State funding ($2.8M)
- Other funds ($0.2M)
- Expense reductions ($18.0M)
Corvallis strategies for increased levels of state funding for PUSF

- Increase critical scholarship and aid funding
- Fund full increment of capital renewal
- Reserve for key S&S needs
- Slow personnel reductions with more targeted reductions
- Supplement budget model allocation to colleges and invest in college enrollment strategies
- Fully fund next increment for key strategic agreements
Self-Support Funds (Table 2): Major issues

- Improved outlook with growth in unrestricted net assets
- Fall enrollment of first-time students challenging for Housing but had success in increasing numbers of returning students.
- Same benefit cost increases as for E&G funds
Restricted Funds (Table 3): Major Issues

- Competitive success by faculty
- Scholarship support through OSUF
- Burt Hall fire and research impact
Recommendation

Staff propose that the Finance & Administration Committee recommend to the Board that it approve the FY2020 operating budget, as presented in Tables 1 through 4.