



**Oregon State**  
University

TAB N - REVISED 2

# FY2020 Operating Budget

Finance & Administration Committee  
May 30, 2019



# FY2020 Operating Budget

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

# FY2020 Budget Planning & Strategic Plan 4.0

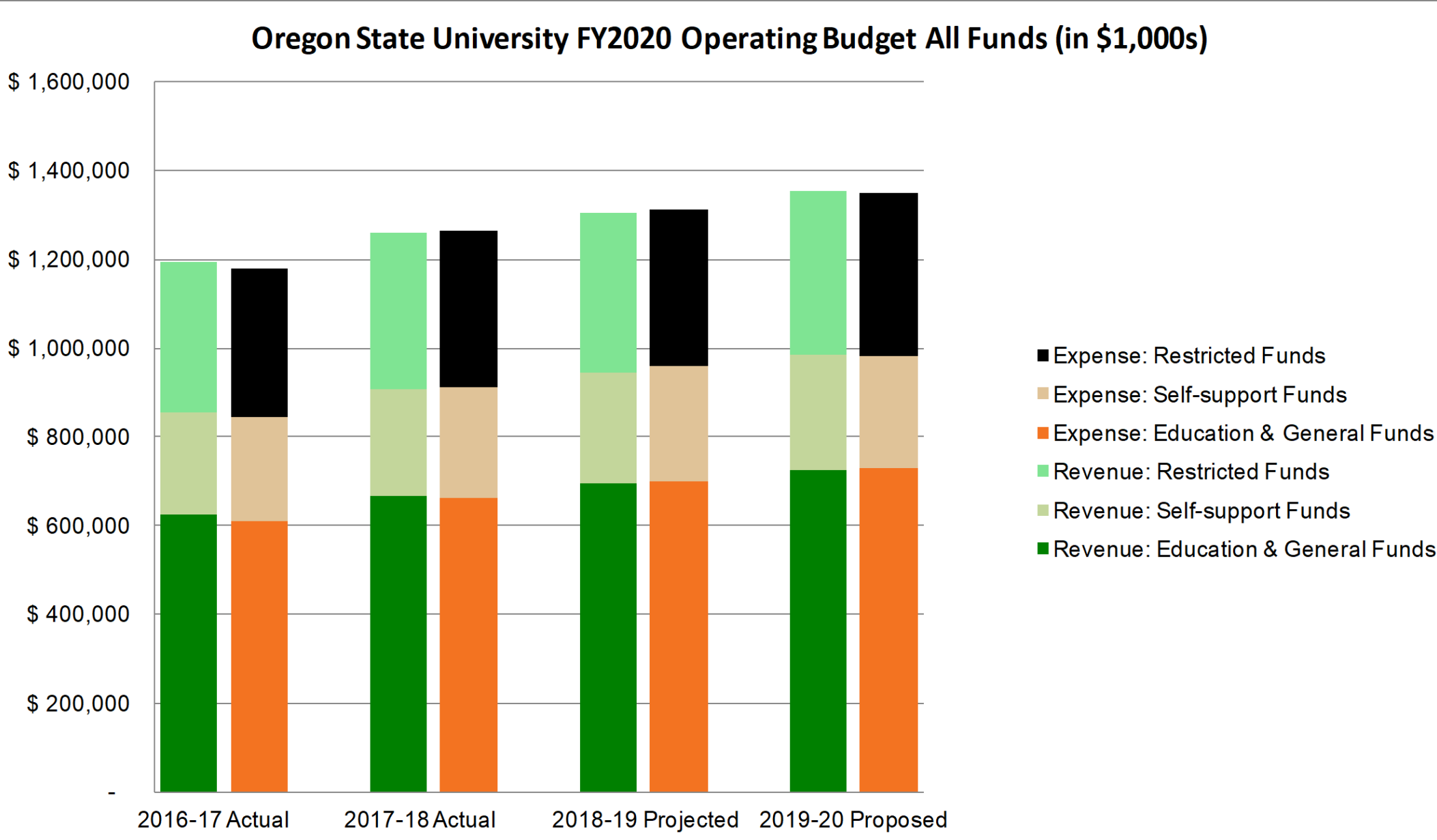
Of the 20 actions in SP4.0, this budget primarily focuses on:

- *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



# 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

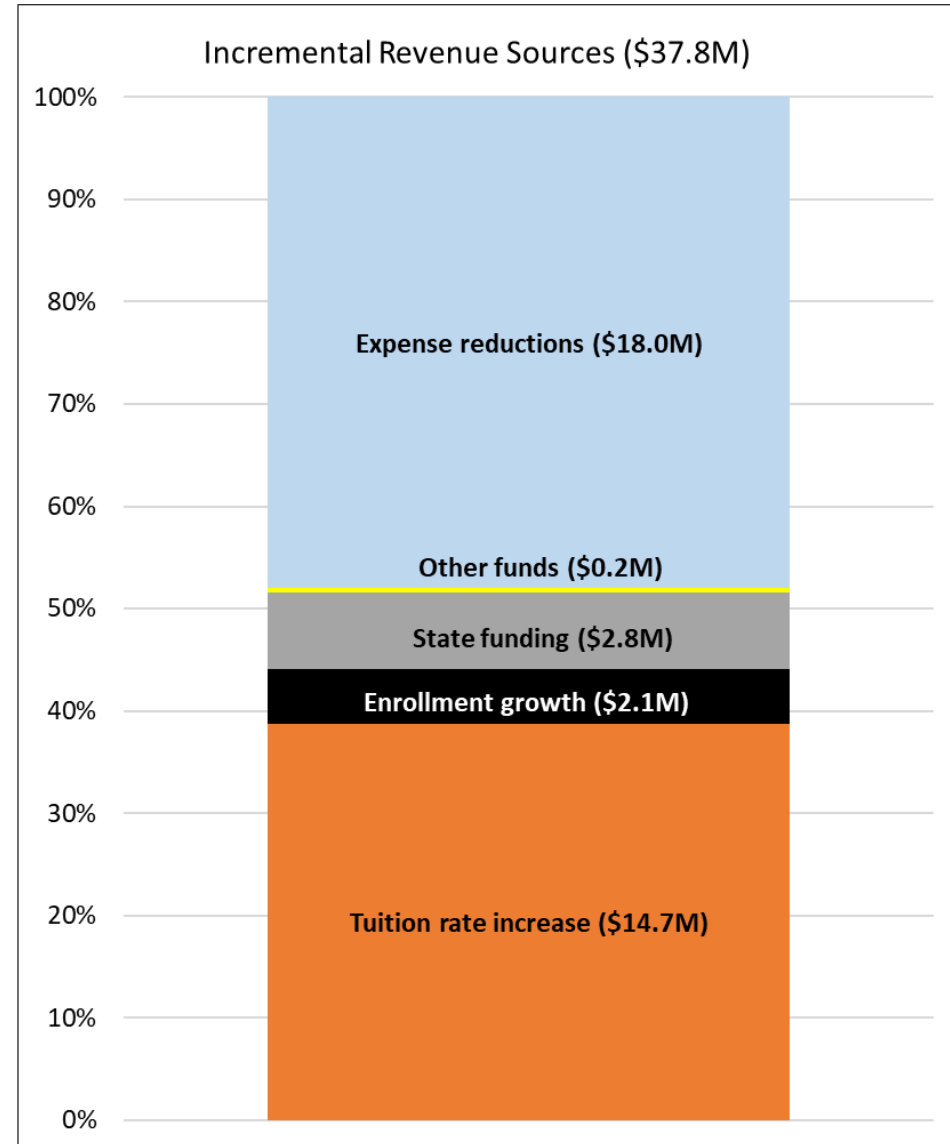
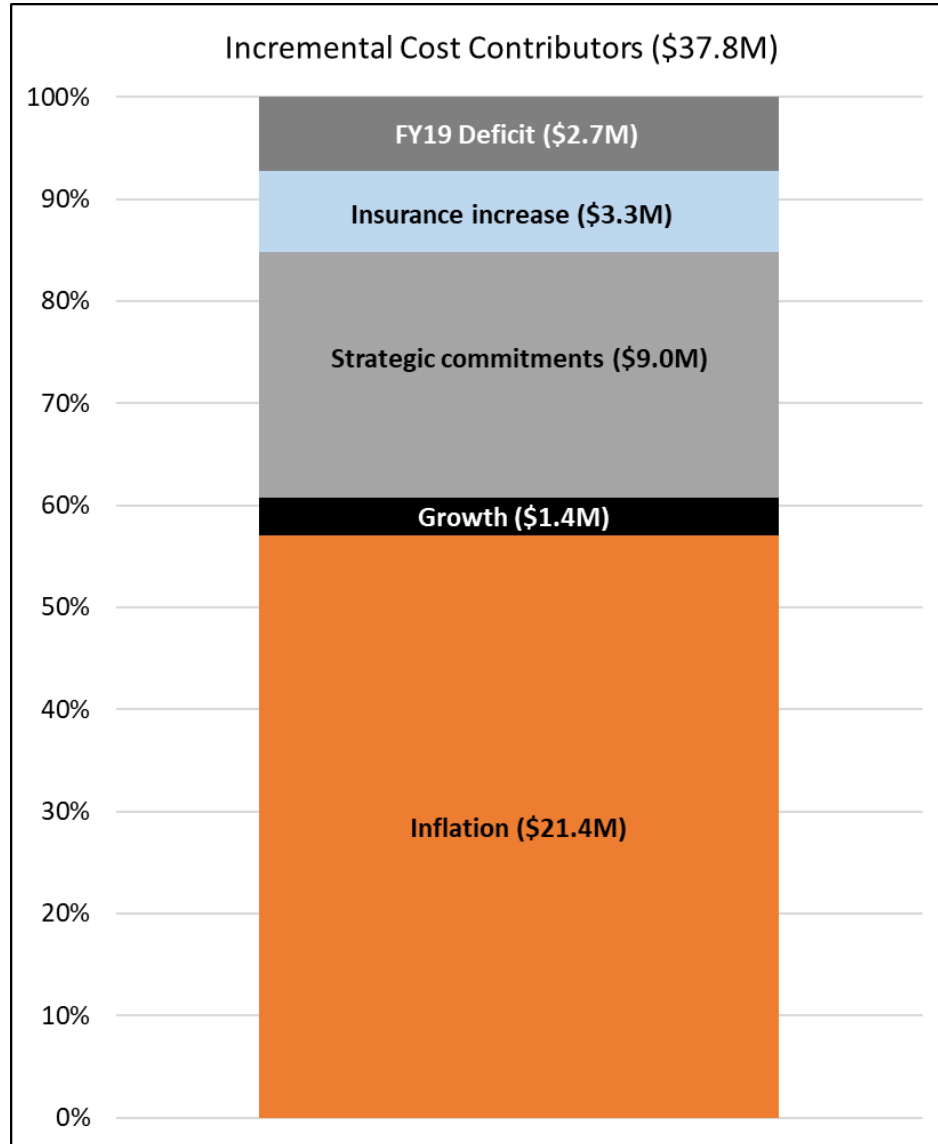
# Education and General Funds (Table 1)

## 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

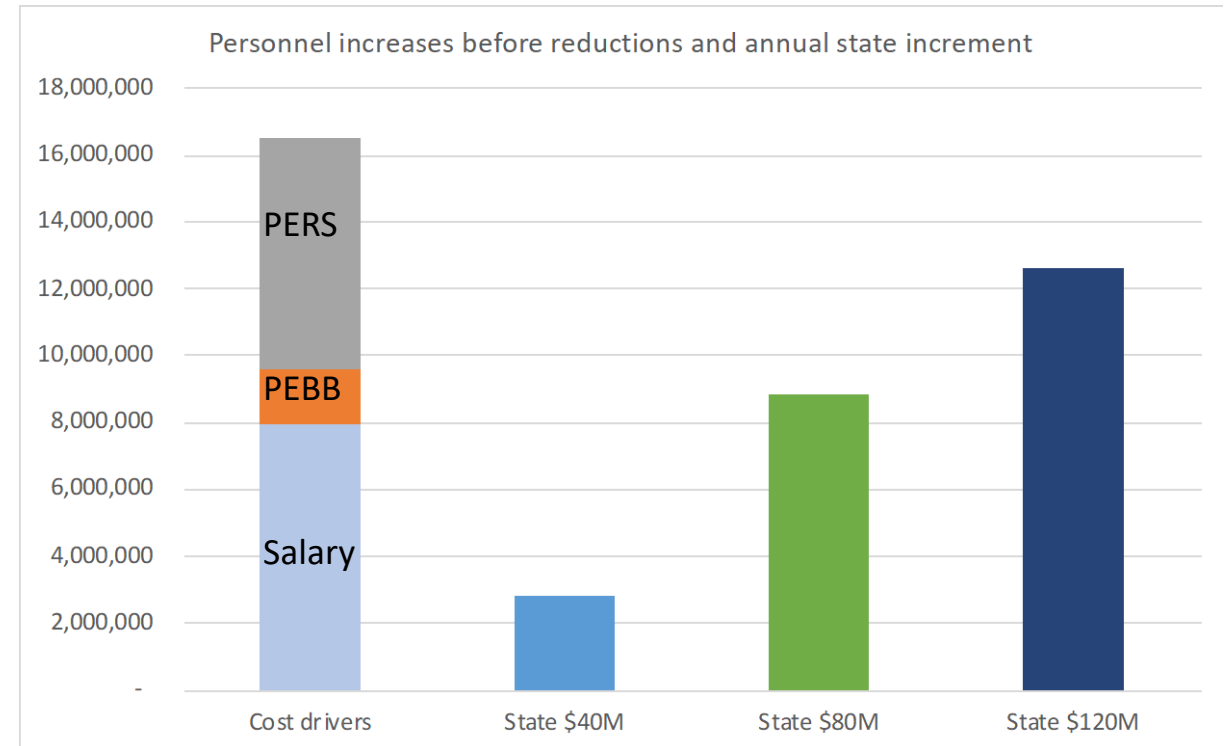


# Corvallis Revenue-Expense Gap: Changes since March

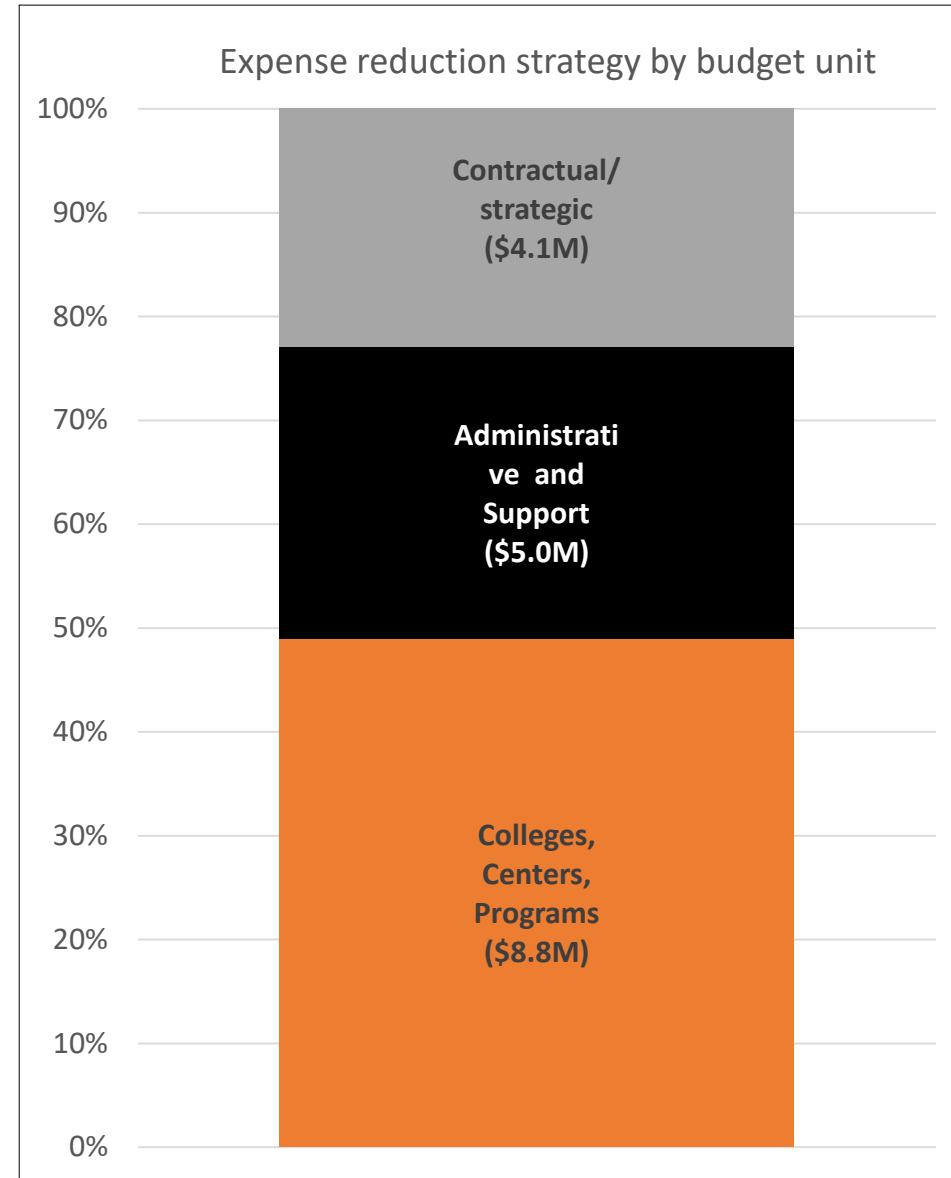
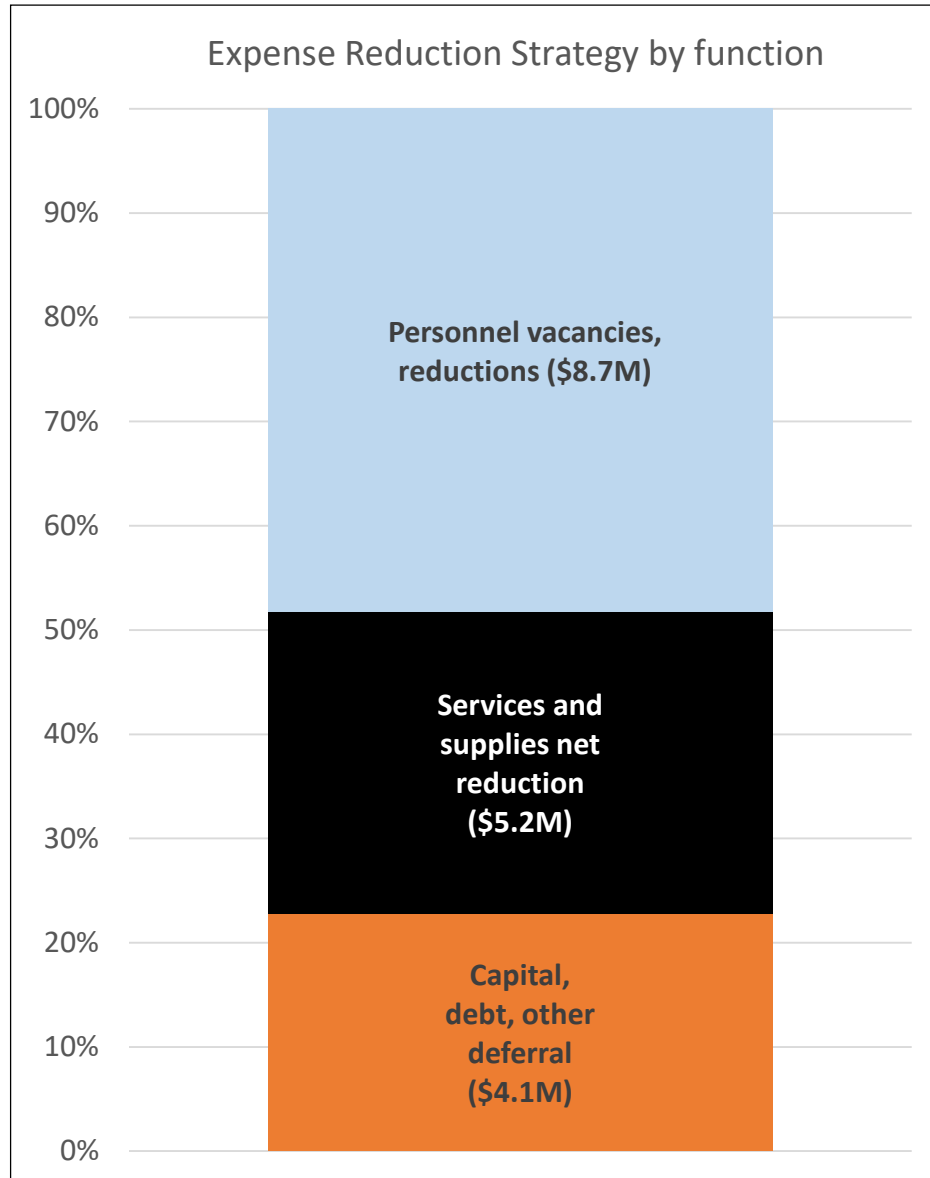


# Corvallis E&G: Expense Gap in Personnel Services

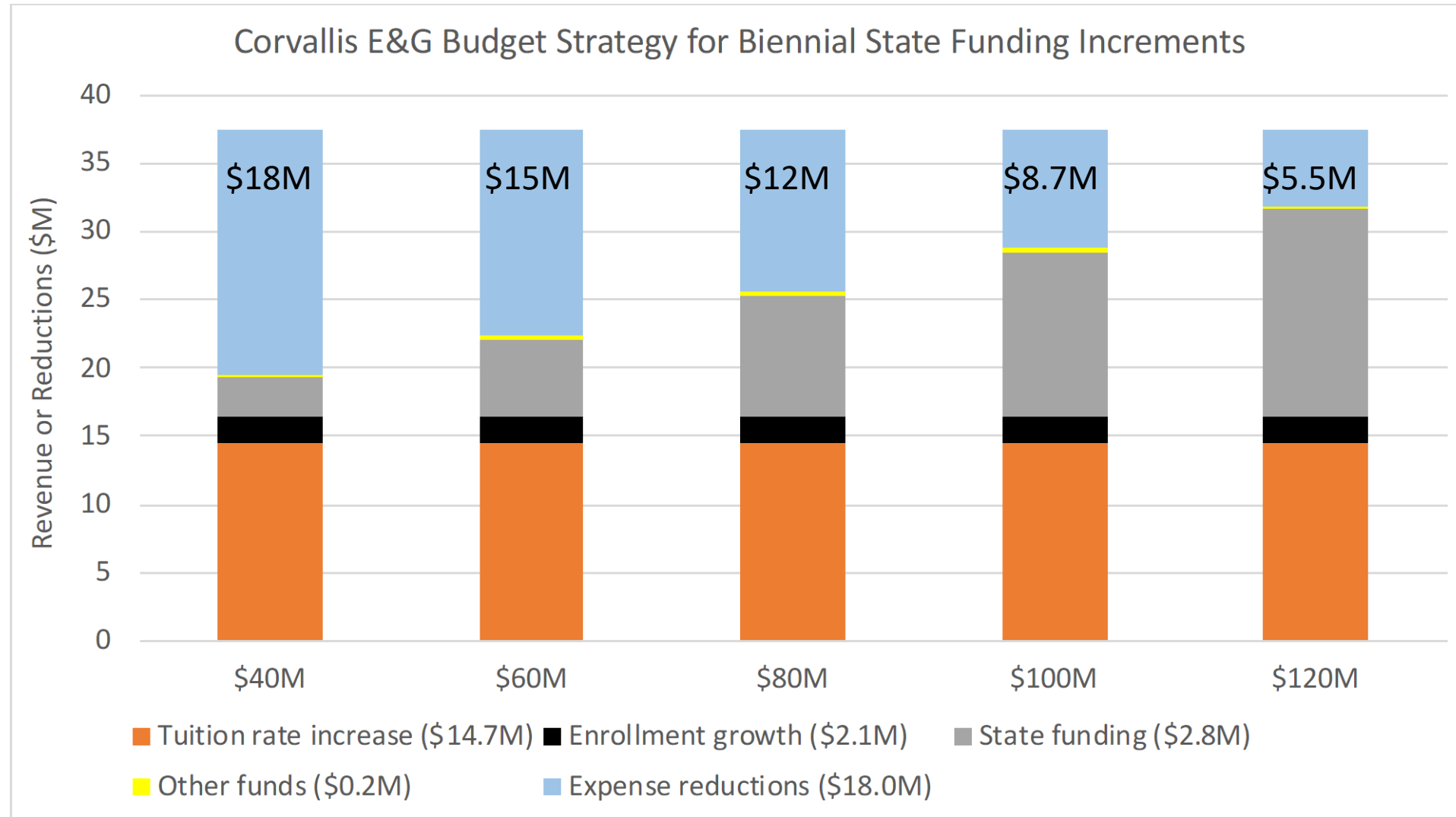
in thousands	Adjustment Category	Roll Up Costs in Category
FY2019 Personnel Services		\$433,740
FY2019 to FY2020 increases	PEBB	1,627
	PERS/Other	6,945
	Salary Roll Up	7,976
	Program Growth	1,400
FY2020 Personnel Services		\$451,689
	Reductions	(8,674)
FY2020 Personnel Budget		\$443,015



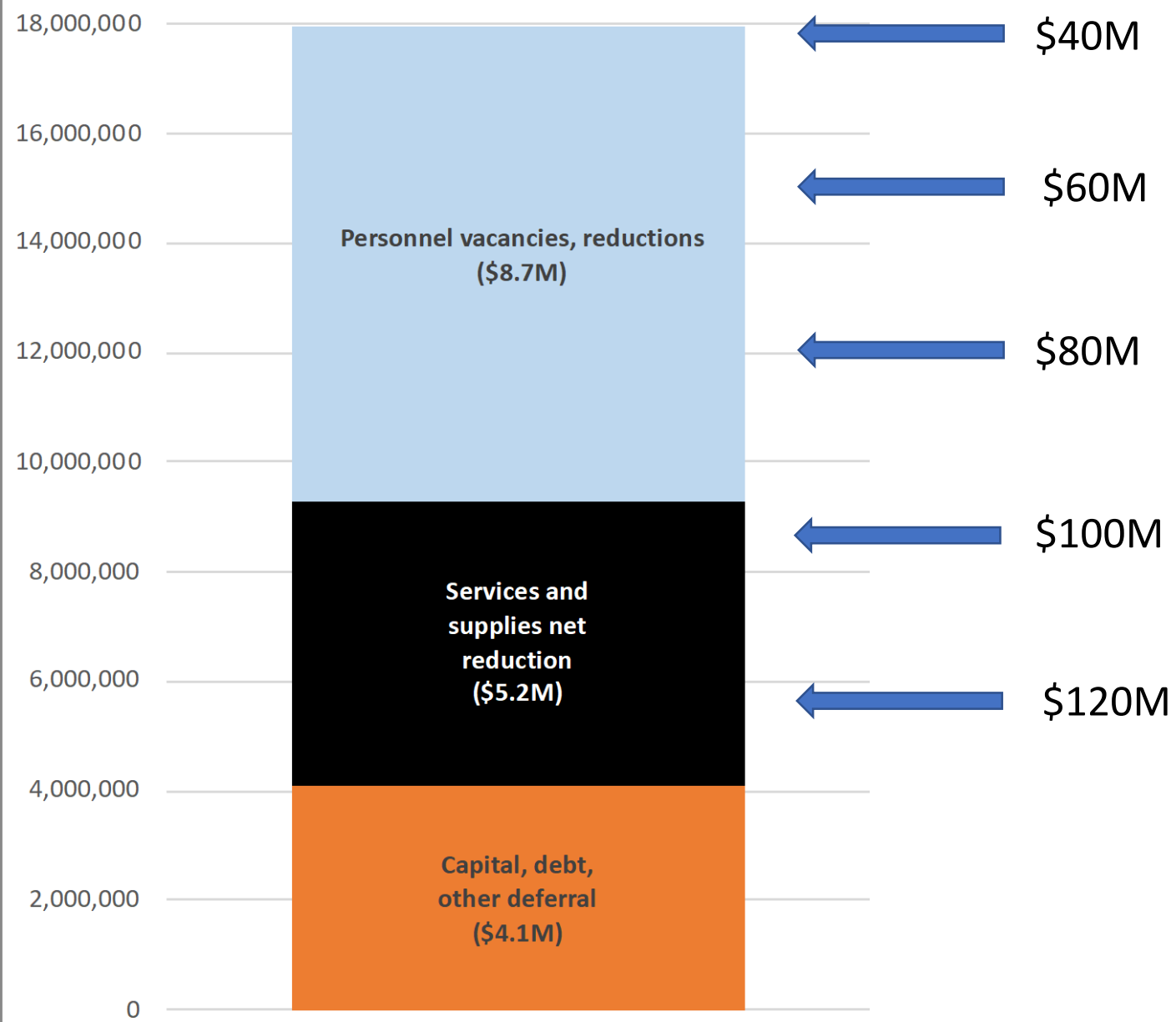
# Budget Strategies for Corvallis Revenue-Expense gap



# Scenarios for Legislative Funding



Expense Reduction Strategy by function



## 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.