

# FY2018 Operating Budget



**Oregon State**  
University

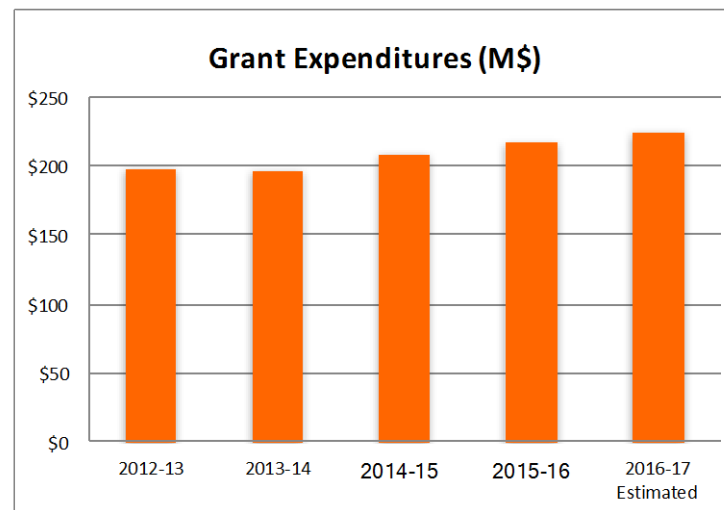
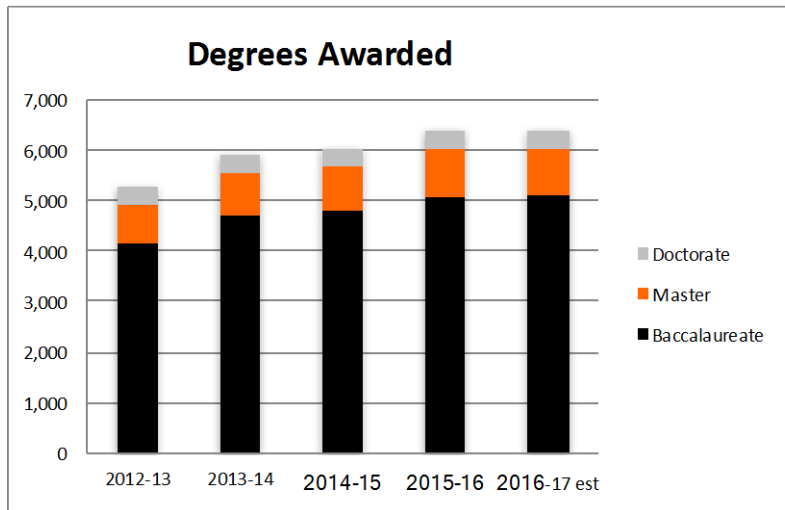
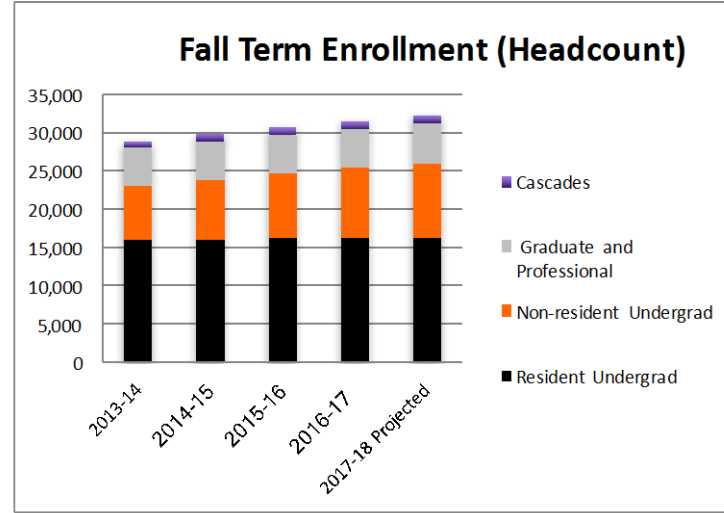
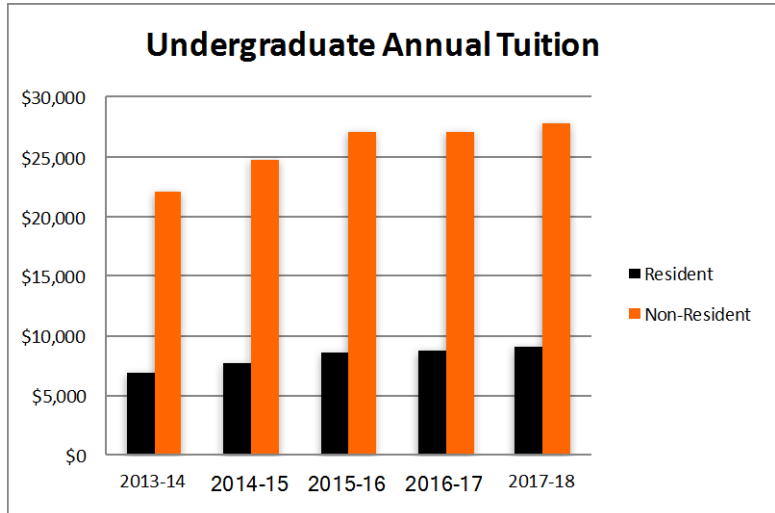
# FY2017-18 Operating Budget Proposal

The operating budget is an estimate of revenues and a plan for deploying those revenues during the next year to further the university's strategic plan. The decisions on areas for change each year are informed by:

- Needs to advance the Strategic Plan, including maintaining the progress to date
- Priorities identified in the ten-year business forecast
- Contractual obligations for personnel, software, services, etc.
- Requirements to maintain a solid financial position for all parts of the university

# Serving Our Students and the State

## Some representative mission measures



# Budget Context: Enrollment

- Undergraduate enrollments are generally on track
  - Small decline in Corvallis resident undergraduates
  - Modest growth in non-resident undergraduates including international
  - About 15% growth in Ecampus credit hours
  - Slight graduate enrollment growth
- Growth in Veterinary Medicine class by 16 new students this coming year
- Status of funding the Oregon Promise (the “free” community college initiative) is not yet clear so the impact is hard to assess

# Budget Context: State Funding

- Still planning on flat appropriations from the state for the next biennium
  - about a 3% decline in revenues from FY17 to FY18
- Anticipating particular challenges for the Statewide Public Services
- Continuing efforts to secure additional funding to address the costs of benefit and other inflationary increases

# **Budget Context: Strategic growth and needs**

- Continuing to advocate for a capital commitment to the Bend campus
- Developing the Marine Studies Initiative and facilities in Newport
- Continuing investment in student success and diversity initiatives
- Implementing the plan to bring Athletics to a balanced operating budget
- Addressing deferred maintenance and renewal of older facilities in Corvallis

# Budget Planning & Strategic Plan 3.0

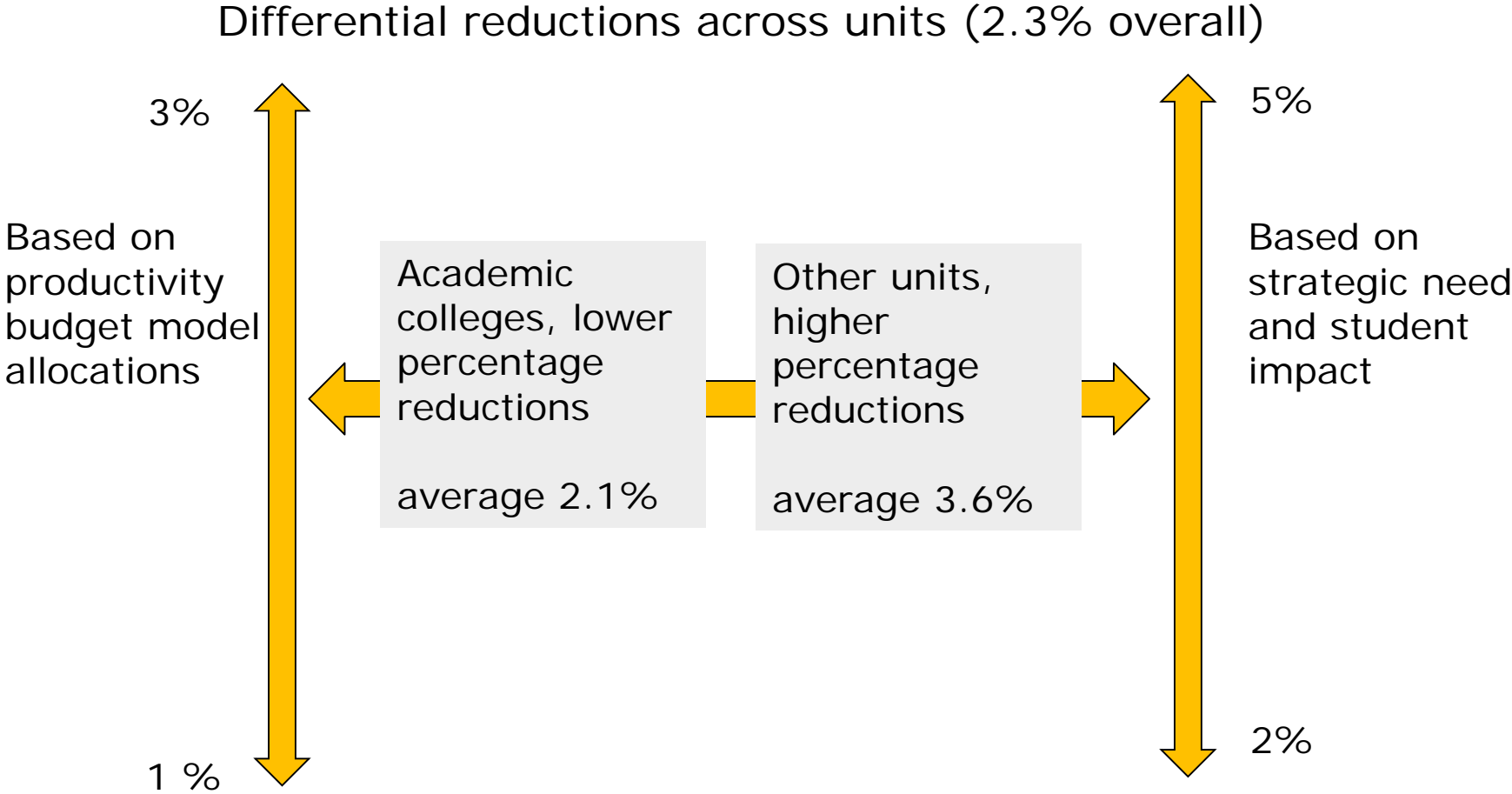
	Education and General Funds	Self-Support Funds	Restricted Funds
<b>Transformative Education</b>			
Improve success for all students, experiential learning, best practices, strong graduate programs, Ecampus growth, Healthy campus initiative	Expanded support for Engineering professional school, \$2.5M to Student Success Initiative	Increased E&G investment in Athletics as part of plan; increased athletics revenues	Added support to Foundation and Alumni Association for fundraising
<b>Enhance Scholarship, 3 Areas of Distinction</b>			
Targeted faculty hires, leadership in research, industry and international partnerships, outreach and engagement as a part of research	Commitments to CEOAS and Public Health, Marine Studies Initiative, improved Human Resources structure and process	Renovation, expansion of Building 11 and associated startup rental space, ATAMI operations	\$5M to begin capital renewal fund impacting research facility renewal, eProcurement for Uniform Guidance compliance
<b>Strengthen Impact in Oregon and Beyond</b>			
Learning laboratories, regional prosperity, industry partnerships, K-12 partnerships, international partnerships, alumni partnerships	Work to secure Fermentation Sciences facility; Expansion of Veterinary Hospital	Housing and Dining's work on housing at Cascades and Newport	Expansion of Building 11, support of manufacturing grants and startups
Sustain and Support Current People and Programs in all parts of the strategic plan	Unclassified and classified salary increases; benefit increases (especially PERS and graduate health insurance); graduate remissions and stipends increase; inflation on services and supplies; utility, license, bad debt, insurance increases; targeted budget reductions to balance		

# Corvallis Education & General Budget Reduction Strategies

- Estimated expenditure reduction of about \$20M required
- Deferral of some new central commitments and reduction or deferral of some existing central commitments or contingency funds (totaling about \$7M)
  - Example: student success increment of \$2.5M spending in FY18 instead of \$5M
- Targeted spending reductions, on a differential basis
  - Based on initial savings of about \$4.9M in services and supplies and \$7.9M in personnel
  - \$2.2M of additional reductions to be assigned at the end of July if necessary



# Corvallis Education & General Budget Reduction Strategies



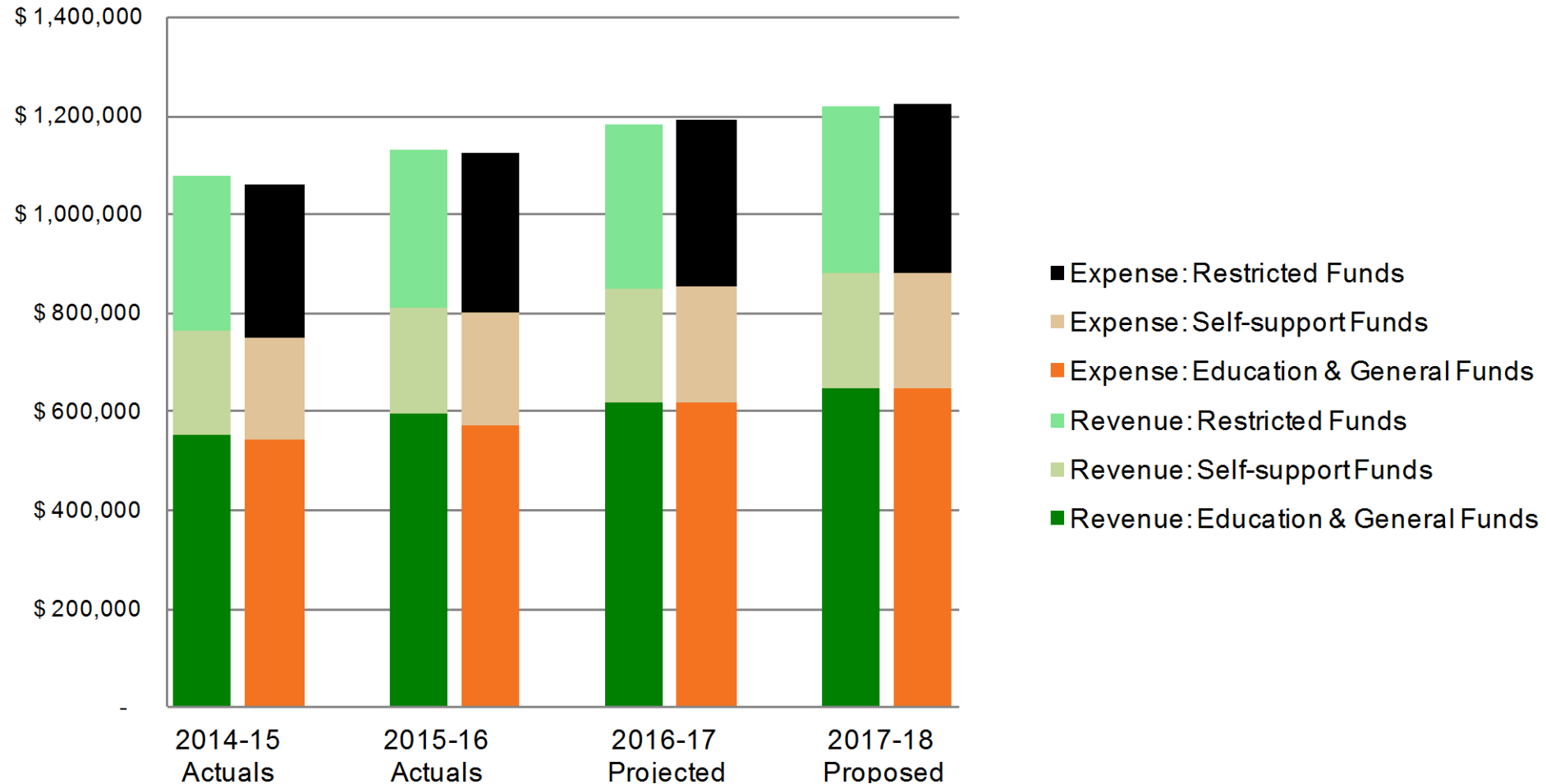
# FY18 Operating Budget Summary

For each major fund type:

- Revenues and expenses for current year, two previous years, and proposed budget year (Tables 1 through 3)
- Assessment of major challenges, uncertainties, and opportunities
- Major strategic issues or opportunities

# Revenue and Expenses

## Oregon State University Operating Revenues All Funds (in \$1,000s)



# Education and General Funds: Challenges & Uncertainties (Table 1)

- Enrollment projections and yield in the fall
- Long-term planning for tuition rates, new revenue sources, or new enrollment growth opportunities
- Building program capacity and breadth at Bend to maintain enrollment trajectory
- Maintaining progress in services in the Statewide Public Services despite declining state funding

# **Education and General Funds (Table 1)**

## **Major strategic issues and new commitments**

- Student success investments
- Beginning of annual E&G capital renewal funding
- Increases to Foundation and Alumni Association for campaign planning
- Funding of PERS increases for E&G units
- First significant budget reductions in many years
- Funding a mid-year salary increase
- Continued investment in MSI and College growth
- Continued growth of academic programs and associated staffing in Bend

## **Self-Support Funds (Table 2)**

### **Challenges and uncertainties**

- Construction cost escalation impact of Housing and Dining projects in Corvallis and Newport and consequent scope and operating implications
- Enrollment always a key driver of operations for Housing and Dining, impacts Corvallis and Bend
- Projected deficit in Athletics is smaller FY18; outcome of season ticket sales and football season both important steps

## **Self-Support Funds (Table 2)**

### **Major strategic issues and new commitments**

- First increment of additional E&G funding to Athletics as part of plan for balanced operating budgets
- Growth in other Athletics revenue is on track for the sustainability plan

# **Restricted Funds (Table 3)**

## **Challenges and uncertainties**

- Federal budget outcomes and policies
  - Potential impacts on Pell Grants, research funding, Federal loan programs, regulatory environment
- Consequences of final state legislative budget decisions
  - Progress on PERS?
  - Projections for future changed?
  - Prospect for change in state revenue structure?



## **Restricted Funds (Table 3)**

### **Major strategic issues and new commitments**

- The beginning of a capital renewal fund is particularly important for research facilities
- Increased investment in the Foundation and Alumni Association to position OSU for the next campaign

# Recommendation

Staff recommend that the Finance & Administration Committee recommend to the Board that it approve the proposed operating budget for FY2017-18 as presented in Tables 1 through 4.

## Oregon State University 2017-18 Operating Budget Summary

### Revenues (in 1,000s)

	2014-15 Actuals	2015-16 Actuals	2016-17 Projected	2017-18 Projected
Education and General	\$553,047	\$597,043	\$617,602	\$645,066
Self-Support Operations	\$211,901	\$214,594	\$229,765	\$234,625
Restricted Funds	\$311,896	\$320,438	\$335,103	\$338,047

### Expenditures, Transfer, Additions and Deductions (in 1,000s)

	2014-15 Actuals	2015-16 Actuals	2016-17 Projected	2017-18 Projected
Education and General	\$541,786	\$570,988	\$617,018	\$644,646
Self-Support Operations	\$206,579	\$231,358	\$238,036	\$239,019
Restricted Funds	\$312,144	\$322,188	\$335,435	\$339,157