

Ten-year Business Forecast

January 19, 2017



Goals of building a 10-year forecast

Advance OSU's mission, vision and strategic plan by:

- Building a framework for comprehensive long-term planning
- Identifying issues, needs and strategies early
- Creating an adaptive planning environment
- Connecting all parts of the university (Corvallis, Cascades, auxiliaries, research) in a comprehensive business forecast

“The future depends on what you do today.” (Mahatma Gandhi)

And so with that in mind.....

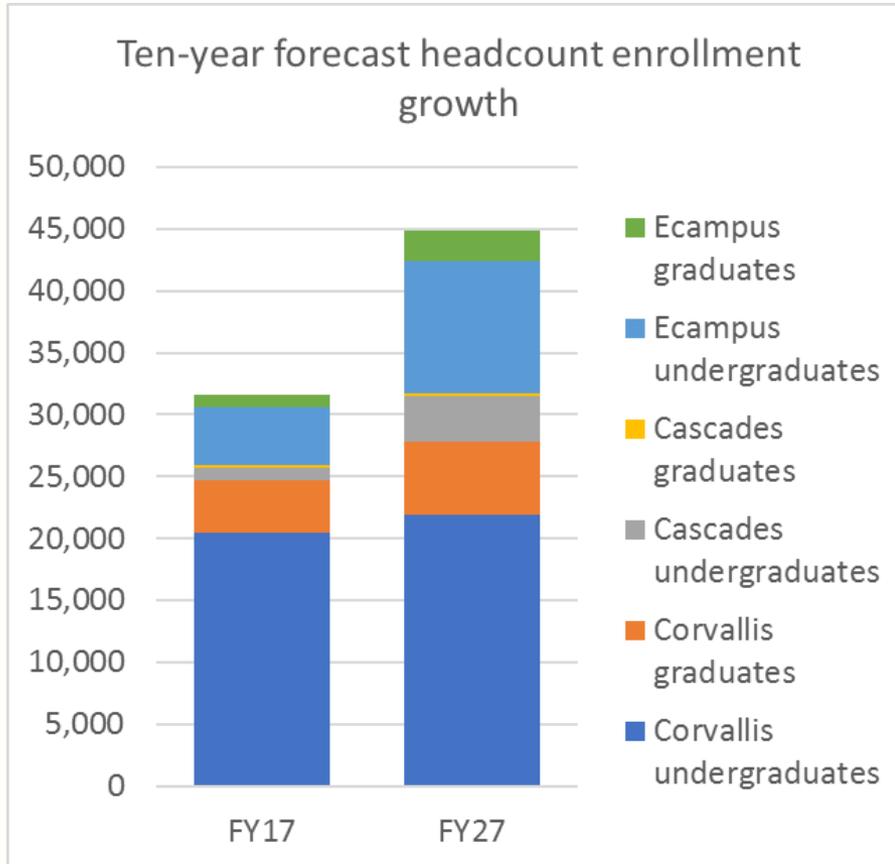
Five key steps in developing business forecast

Developed over the last 16 months:

- Build a **benchmark scenario** projecting current trends in enrollment, operating costs and operating revenues
- Identify important **strategic commitments** that advance the strategic plan
- Consider **strategic resource initiatives** to support strategic initiatives
- Create comprehensive **10-year capital forecast** by engaging principal campus stakeholders
- Project OSU's **financial position and metrics** out for 10 years

Benchmark scenario

Projects current programs, operating costs and revenues out 10 years



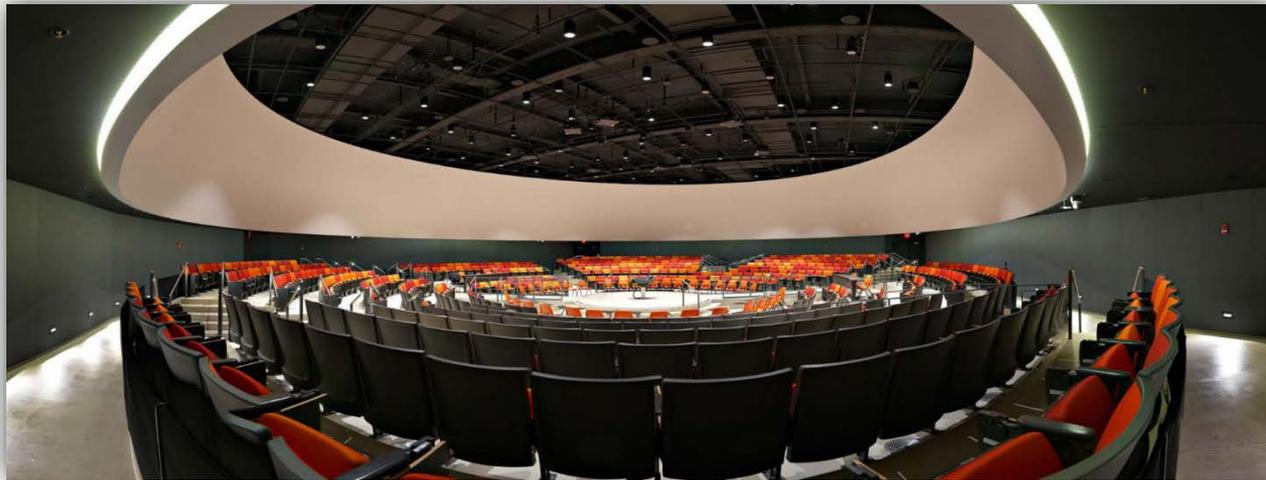
Key assumptions

- Enrollment growth to ~45,000 headcount
- 1/3 non-resident undergraduates in Corvallis by FY23
- 3% salary increases, retirement as currently projected for next four biennia, operating costs of capital projects
- 3% tuition increases due to flat state funding in 2017-19; 3% per biennium thereafter
- Maintain 10-17% fund balance in Corvallis; 12-16% overall

Strategic Commitments (by FY27)

Transformative Education – ~31M

- Undergraduate student success initiative
- Graduate student success
- Curriculum improvement, faculty development
- Online, hybrid, and alternative delivery of teaching
- Healthy campus initiatives



Student Success Initiative (FY18 and FY19)*

FY18	FY19
\$4.0M - undergraduate	\$4.5M - undergraduate
\$1.0M - graduate	\$0.5M - graduate

- Proactive undergraduate advising interventions
- Proactive data analytics and technology tools
- Faculty support and engagement for improved mentoring and pedagogy
- Electronic graduate information workflow system
- Increased writing resources for graduate students
- Enhanced career pathway development

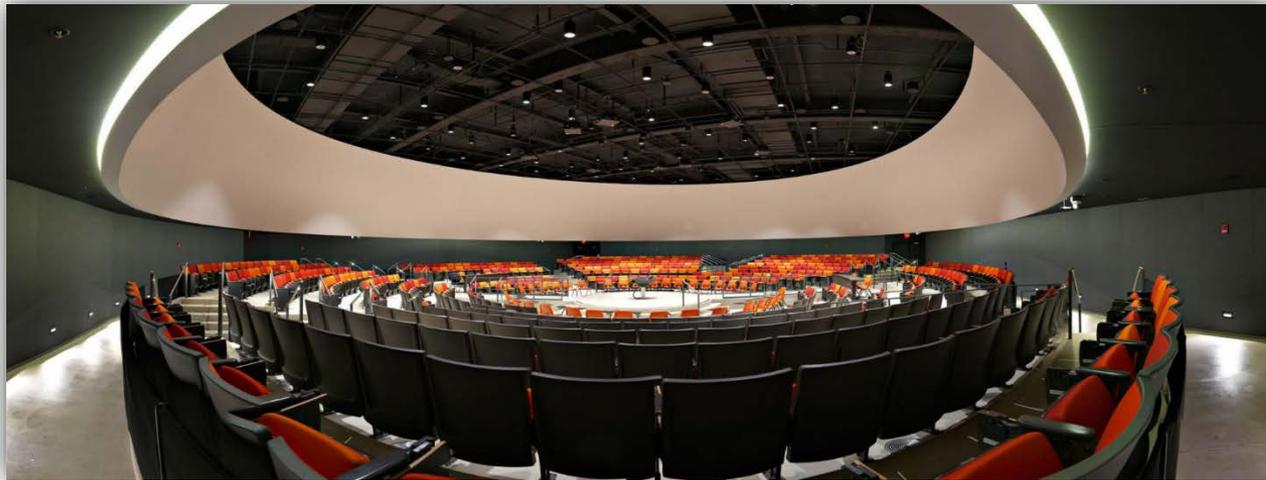
(*Included in the detailed planning for the 2017-18 E&G budget)



Strategic Initiatives (by FY27)

Transformative Education – ~31M

- Undergraduate student success
- Graduate student success
- Curriculum improvement, faculty development
- Online, hybrid, and alternative delivery of teaching
- Healthy campus initiatives



Strategic Commitments (by FY27)

Advance Research and Scholarship – ~30M

- Coordinated hiring for research clusters
- Continued development of the MSI and other scholarship-focused initiatives
- Support for shared facilities, instrumentation and research office services



Strategic Commitments (by FY27)

Increase Impact – ~7.5M

- Regional digital information systems
- Economic development initiatives
- Expanded student study abroad experiences



Strategic Resource Initiatives

- Proposed 10-year commitments greatly exceed available revenues
- University must create new resources

Most promising revenue-generating opportunities:

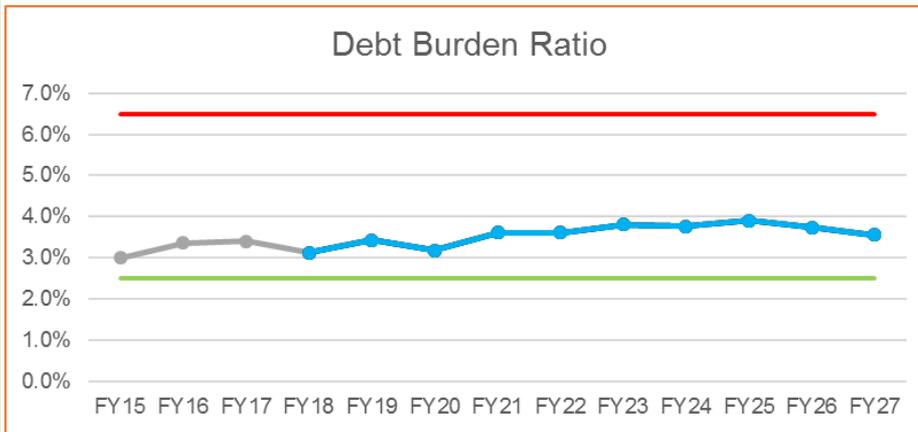
- Expand professional education degree pathways and enrollments
- Expand continuing education programs (largely non-credit)
- Pursue more aggressive Ecampus growth through new programs and partnerships
- Initiate more aggressive program delivery and presence in Portland
- Expand scope of summer term
- Identify targeted fee increases — with student input — to support specific investments for student success
- Reduce operating costs through efficiencies in administration, staffing and support costs particularly in procurement, span-of-control, information technology, energy use and marketing services

Capital Forecast

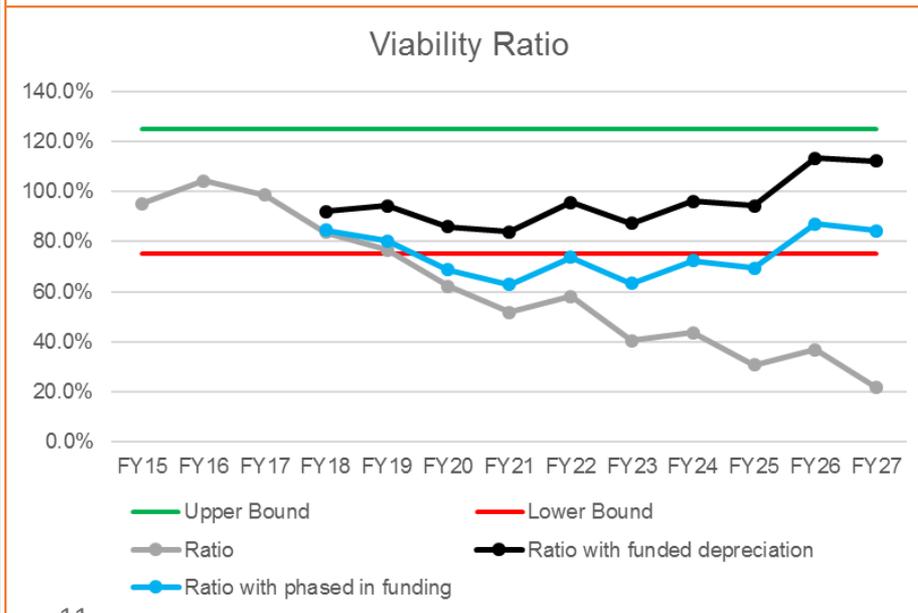
- Informed by the Infrastructure Working Group
- Prioritize life safety, accessibility, mission criticality, current quality, impact on mission and goals, and potential leverage for funding and outcomes

Location	Gift and State	OSU Funds
Corvallis	Cordley Hall (Phases 1-3), Oregon Quality Food & Beverage Center, Gilkey Hall, Performing Arts and Education Complex, Fairbanks Hall, Student Services Bldg, STEM Education and Addition, Benton Hall, STEM Education (2); Whyte Track, West Grandstands, Gill Coliseum Upgrades, Gymnastics, Soccer Stadium	Gilkey Hall, Campus Operations, Washington Way, Steam Tunnel, Data Center, Graduate Housing, Newport Housing, Honors Living Learning Orchard Court Replacement, GEM Buyout
Cascades	Site Remediation, Site Infrastructure, Academic Building Phases 2 to 4, Central Utility Hub	Student Success Center, Recreation Center, Student Housing Phases 2 to 5

Financial Statement and Metric Projection



- Not too much debt
- Not enough E&G operating revenues to offset accumulated depreciation costs
- Key issue is funding depreciation for E&G and athletics operations
- Reviewing strategies with other universities and financial advisors



Looking Ahead

- **State funding:** amount and stability of state funding
- **Academic engagement in resource development:** realization of new and different revenues
- **Tuition and price sensitivity:** impacts on enrollment, access, affordability and available revenues for priorities and needs
- **Infrastructure stability and longevity:** depreciation funding and renewal of capital assets
- **Statewide Public Services support:** maintaining service to Oregonians without reliable state funding
- **OSU-Cascades campus growth:** enrollment jeopardy without state support for needed infrastructure development
- **International enrollments:** sensitivity to international policies and events

Next Steps

- Discuss approval of the 10-year business forecast by Board of Trustees
- Advocate to the Oregon Legislature the need for increased university funding, including for OSU-Cascades; Statewide Public Services; next phase of expansion of OSU-Cascades campus
- Fund and implement next phase of student success initiatives and evaluate the projected impact of that work on enrollments and revenues

Next Steps (cont.)

- Develop FY18 budget
- Identify models for managing depreciation and dynamics of depreciation costs in projecting the financial position of the university
- Update OSU enrollment management plan (workgroups are underway)
- Update 10-year business forecast at the January 2018 Board of Trustees meeting

Questions?



Staff Recommendation

Staff recommends that the Finance and Administration Committee recommend the 10-year business forecast to the Board of Trustees for approval, with the understanding the forecast will be updated at the January 2018 Board meeting and at two-year intervals thereafter.