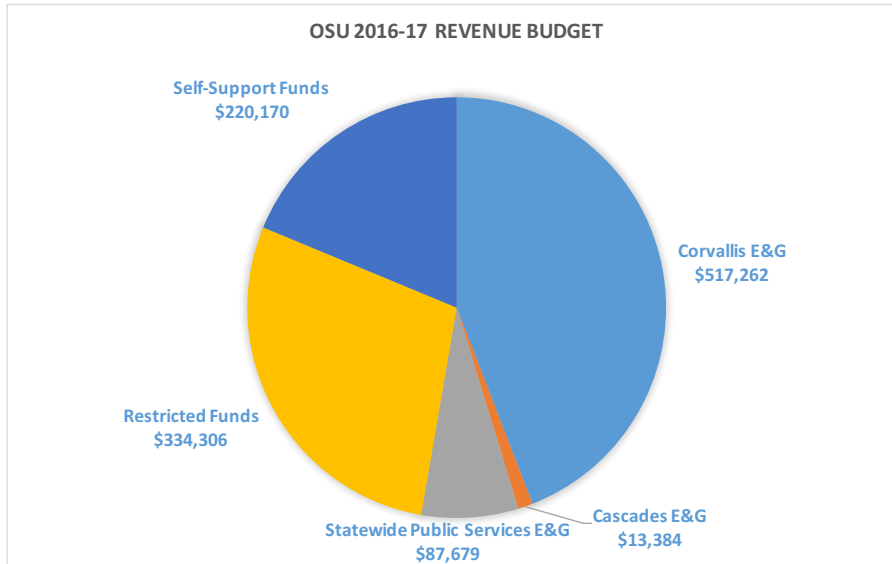


Budget Overview

OSU’s budget comes from a variety of sources and is usually looked at by “fund” type---each comes from certain sources and has certain functions:

Self-support Funds: these are operations that charge for their services and use the income to support those operations. The largest are Housing and Dining, Athletics, and Memorial Union, but there are many others. These pay assessments to the Education and General Fund for support services.



Education and General (E&G) Funds: These support most of the academic operations of the university including teaching, research, and public service. The funding comes from tuition and fees, state funding, indirect cost recovery from grants. Corvallis, Cascades and the Statewide Public Services are the E&G operations.

Restricted Funds: these come largely from gifts and government grants; they include research grants, financial aid like Pell Grants, scholarship and other gifts from the OSU Foundation. These can only be used for the designated purpose.

Figure 1: Revenue budget for major funds 2016-17.

Table 1: Details of revenue sources and expenditure categories for major funds:

2016-2017 OSU Budget (in thousands of dollars)					
REVENUES	Education and General			Restricted Funds	Self-Support Funds
	Corvallis E&G	Cascades E&G	Statewide Public Services E&G		
State General Fund	111,893	5,862	60,432	15,000	
Other Government Funds			21,100	220,416	
Tuition and Fees (less remissions)	345,173	7,461			
Enrollment Fees					37,763
Sales and Services	15,396	51	2,910		149,437
Other revenues	44,800	10	3,237	98,890	32,970
Total	517,262	13,384	87,679	334,306	220,170
EXPENSES AND TRANSFERS	Education and General			Restricted Funds	Self-Support Funds
	Corvallis E&G	Cascades E&G	Statewide Public Services E&G		
Personnel Services	390,769	11,179	72,683	129,376	111,696
Supplies, Services, Capital Outlay	129,766	3,952	19,591	204,595	111,904
Internal Sales	(24,100)	(1)	(888)		
Net Transfers	10,382		(3,824)	115	(1,873)
Total Expenditures and Transfers	506,817	15,130	87,562	334,086	221,727

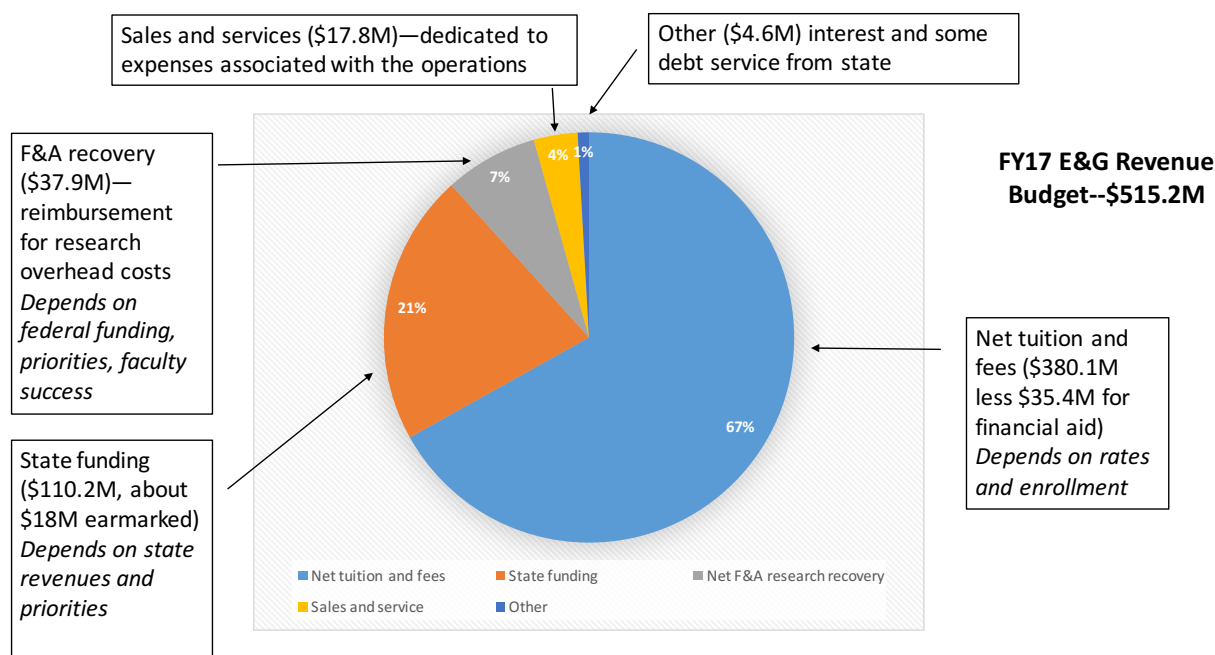
COST STRUCTURE (these materials are drawn from a summary prepared for the Board of Trustees for their October, 2016 meetings)

What is the relative contribution of tuition to E&G operations?

Net tuition and fee revenues are the largest component (67%) of OSU’s Education and General budget (Figure 2), which supports almost all costs for instruction, parts of the other missions of the university, and the bulk of costs for academic support, institutional support, and facilities operations. These are also the only revenues that the university has principal control over setting, through both tuition rates and enrollment planning.

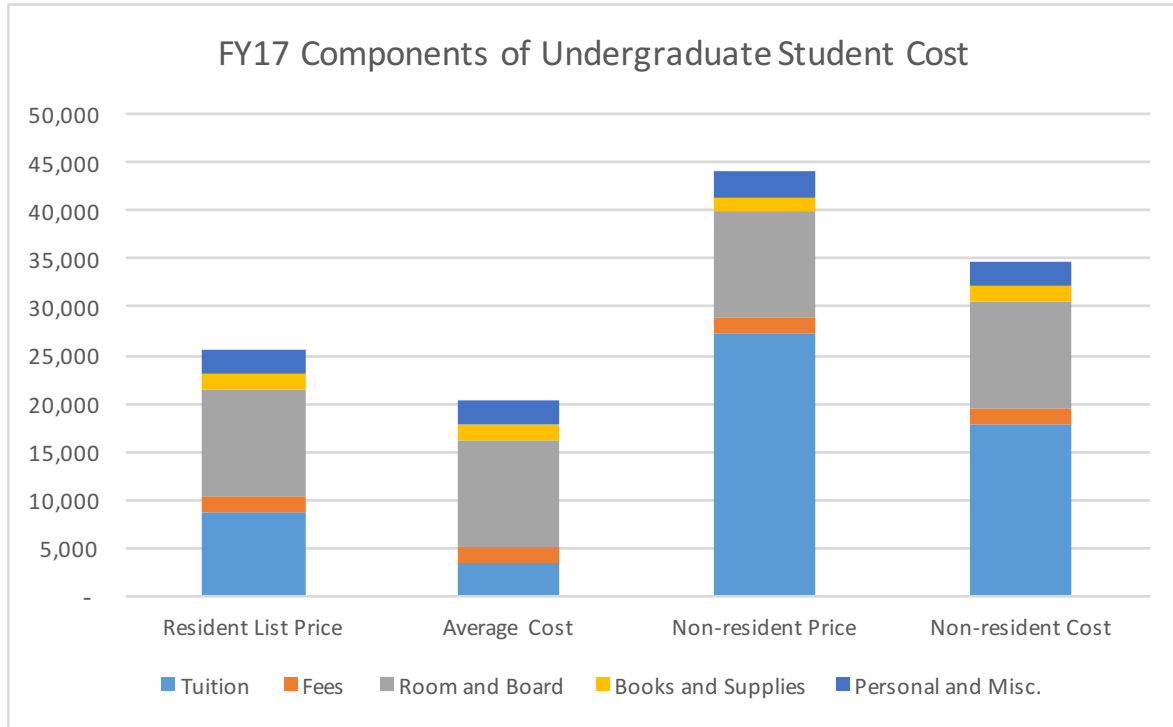
Any cost increase (that is appropriate) has to be supported, in part, by a tuition revenue increase, unless there are offsetting cost reductions or disproportionate growth in other revenue sources. The ten-year business plan assumes there are two broad areas that create increased costs: maintaining existing programs, facilities, and people and investing in key strategic initiatives to advance OSU’s mission to serve our students, Oregon and the nation.

Figure 2: Sources of Education and General Revenues for Corvallis Campus



Tuition is a major part of the cost of attendance, but not the only part. It is also important to keep in mind that at least a part of overall costs is reduced through institutional financial aid, federal and state financial aid grants, and privately funded scholarships. For OSU, the relative drivers of financial need are different for resident and non-resident undergraduate students, as tuition costs are so different for the two groups:

Figure 3: Components of cost of attendance for undergraduates at published prices and after the allocation of average awards of grants and scholarships.



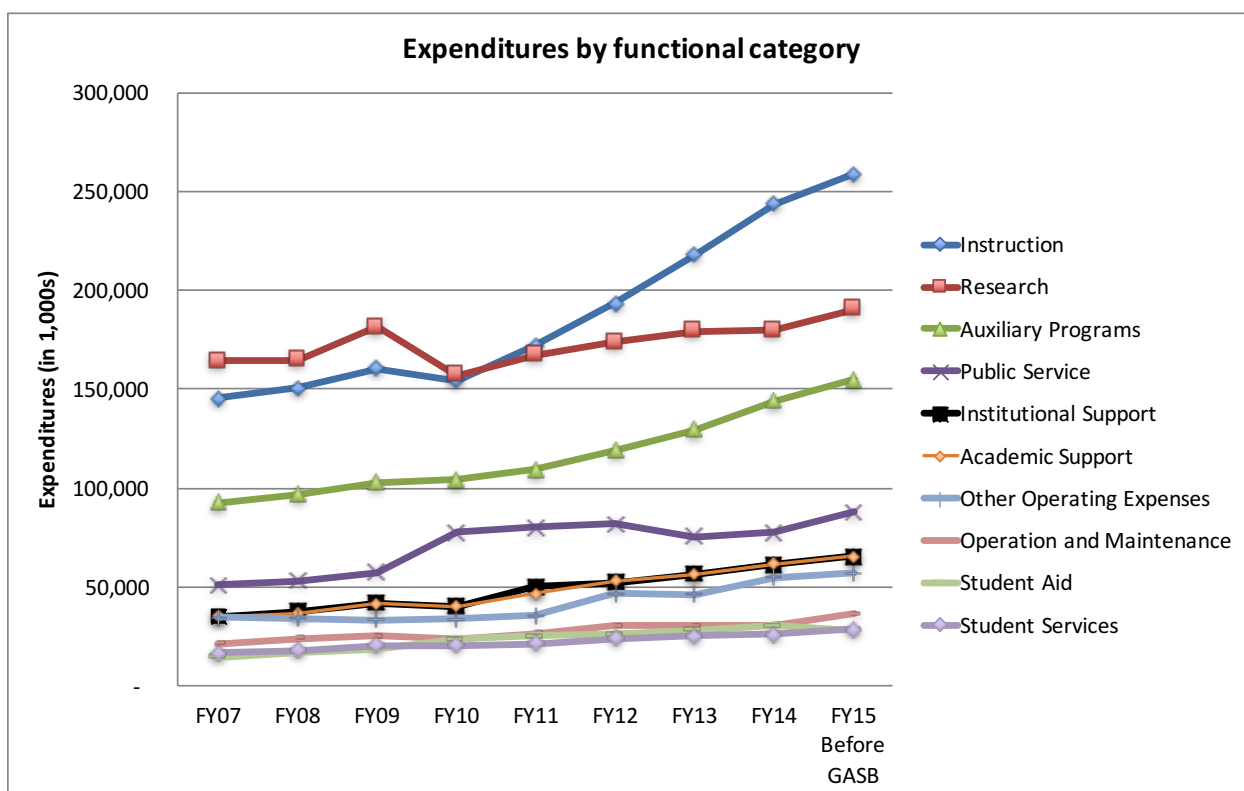
Average cost shows the average annual reduction in cost from tuition waivers, grants, and scholarships (this is shown against tuition but is awarded in reference to total need). Room and board costs shown are for on-campus rates.

Tuition rates for our peer institutions are included in Appendix A.

What portion of OSU’s total expenditures fund instruction vs. other items and what are the trends?

The most consistent way to look at the distribution of OSU’s expenditures across all funds is to use the functional categories as defined in the annual audited financial statements. These also provide a way to compare to other institutions.

Figure 4: Expenditures by functional categories from financial statement data (top by total expenditures, bottom by % of total expenditures). This includes all operating funds.



The “before GASB” note on FY15 indicates that these are the numbers before a change in accounting principle regarding pensions implemented on the FY15 financial statements. This had the effect of reducing personnel costs in all categories and made the numbers inappropriate for direct comparison to prior years.

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 Before GASB
Instruction	23.8%	23.8%	23.4%	22.8%	23.4%	24.1%	25.8%	26.7%	26.5%
Research	26.9%	26.0%	26.5%	23.2%	22.8%	21.7%	21.2%	19.7%	19.6%
Public Service	8.4%	8.4%	8.4%	11.5%	10.9%	10.2%	8.9%	8.5%	9.0%
Academic Support	5.7%	5.9%	6.1%	6.0%	6.4%	6.6%	6.7%	6.8%	6.7%
Student Services	2.7%	2.9%	3.0%	3.0%	2.9%	3.0%	3.0%	2.9%	3.0%
Auxiliary Programs	15.2%	15.3%	15.1%	15.4%	14.9%	14.9%	15.3%	15.8%	15.9%
Institutional Support	5.8%	5.9%	6.1%	6.0%	6.8%	6.5%	6.7%	6.8%	6.7%
Operation and Maintenance	3.5%	3.8%	3.7%	3.5%	3.7%	3.8%	3.6%	3.4%	3.7%
Student Aid	2.4%	2.7%	2.8%	3.5%	3.5%	3.3%	3.3%	3.4%	2.9%

Instruction includes all aspects of academic program delivery at the department level—faculty, staff, supplies, department heads, etc. but excludes Deans’ offices. This increased from 23.8% of expenditures in FY07 to 26.5% of expenditures in FY15.

Research includes externally sponsored research work and any internally budgeted organized research. This is largely supported by restricted funds. While research overall grew, the proportion of total expenditures to research shrank, because of the significant growth in enrollment and associated expenditures for instruction and auxiliary programs (like housing).

Institutional Support includes business centers, human resources, computing support, fiscal operations, legal offices, and executive management—all the components of day-to day operations. This increased from 5.8% of expenditures to 6.7% of expenditures; institutional support expenditures were equal to 24% of instructional expenditures in FY07 and 25.3% of instructional expenditures in FY15.

Auxiliary Programs are our self-support operations and are dominated by expenditures in University Housing and Dining Services and Athletics.

Details on other category definitions are included in Appendix B.

Can we map OSU's cost structure to the big elements of our mission? What are the trends and drivers of these strategic categories?

The graph on the previous page showed the overall distribution of expense by function across all funds. Restricted funds, self-support funds, and E&G funds in the Statewide Public Services come largely from fees, appropriations, grants, or gifts and go to relatively specific expenditures. Education and General expenditures at Corvallis and Cascades support the core academic missions and support functions, and two-thirds of the revenues supporting those expenditures come from tuition and fees. In this discussion we will focus on the E&G expenditures at the Corvallis and Cascades campuses.

E&G expenses can be broken down into functional categories as well. We looked at 2012 (five years ago and before the governance change) and 2016 (the last completed year and after the governance change). E&G expenditures grew from \$377.45M to \$489.01M or 29.6%. CPI inflation from 2012 to 2016 was about 7.1% and enrollment grew 18.4%. Together this would account for 26.8% expense growth (neglecting any economies of scale). Growth above this reflects investments in governance, faculty hiring initiatives, compliance requirements, graduate student support, and other areas.

The distribution of expenditures has not changed greatly over these years (Table 2).

Table 2: E&G expenditures by functional area

Distribution of Education and General Expenditures by Functional Area									
	Instruction	Research	Public Services	Academic Support	Student Services	Self Support	Plant	Institutional Support	Other
2016-- \$489.0M	50.9%	1.6%	2.2%	13.0%	6.0%	1.1%	6.1%	15.2%	3.9%
2012--\$377.4M	48.5%	1.3%	2.0%	12.8%	6.1%	3.0%	8.5%	14.4%	3.5%

Of the \$111.56M increase in expenditures, 64% went to instruction, research, or public service, 20% to academic support or student services, and 18% to institutional support (sum is greater than 100% because self-support and plant expenditures decreased).

Appendix C provides expenditure percentages by function and unit for FY16.

In each of these areas (with the exception of plant operations), the principal expenditure is on salaries and benefits for employees. The distribution of E&G expenses by natural classification is shown in Table 3. The drivers for each of these major categories include:

- Unclassified salaries: These are largely under institutional control, but are influenced by market rates, competition from other universities (nationally and globally), our salary structure compared to other U.S. universities, and bargaining results for faculty unions at five of the six public Oregon campuses. Changing costs of personnel is possible, but

depends on both salary rates and on job descriptions (proportion of direct instruction vs. research and scholarship for example). These can require significant time and effort to change.

- Classified salaries: These are set in bargaining with the Service Employees International Union in coordination with the other six public Oregon campuses.
- Benefits: Participation in the state retirement (Public Employees Retirement System or PERS) and health care (Public Employees Benefit Board or PEBB) systems was required by the statutes which established OSU as a university with a governing board. We continue to explore options to change this but it is likely to be some time in the future. A summary of the components of our current and projected benefits costs is included in Appendix D.
- Graduate assistants: The salary and benefit structure (which includes tuition remissions) for graduate assistants is determined in bargaining by OSU with the Coalition of Graduate Employees (CGE). We just completed a new four-year agreement in June.
- Student workers: Students are employed in a variety of roles on campus. The jobs provide both financial assistance and in some case work experience relevant to career development. Costs are influenced by state law (principally) on minimum wage, overtime, and paid sick leave.
- Other costs: Services and supplies, capital outlay, sales and services are determined by program needs, contractual agreements, and market rates for goods and services.

*Table 3: 2012 (\$377M total expenditures) and 2016 (\$489M total expenditures)
E&G expenditures by major categories*

Distribution of E&G expenditures, Corvallis and Bend		
	2012	2016
Unclassified Salaries	36.4%	38.2%
Classified Salaries	7.5%	7.2%
Benefits	21.2%	21.5%
Graduate assistants	7.9%	8.4%
Student workers	1.7%	1.9%
Services and Supplies	25.6%	24.2%
Capital Outlay	4.6%	1.3%
Other	0.2%	0.2%
Sales and Services	-5.6%	-5.3%
Net Transfers	0.6%	2.3%
	100.0%	100.0%

Detailed expenditures information is included in Appendix E

Appendices F and G show some detail on changes in FTE by employee type and the distribution of employees by major function.

Some areas where OSU may have opportunities for cost-savings include negotiated purchasing agreements, improved procurement practices, efficiencies in teaching assignments and course sizes, coordination of highly distributed functions (e.g. marketing or information services), changes in process and management to streamline processes and reduce management layers, and voluntary separation agreements to reduce overall personnel costs. All have been used at other universities, depending on circumstances, but require careful planning and campus engagement to effect significant change.

How does OSU compare to its peers?

The principal data for peer comparison is the Integrated Postsecondary Education Data System (IPEDS). The Delta Cost Project has used this data to provide some derived institutional comparisons as well. The data is usually a couple of years old but is relatively consistent across institutions.

The IPEDS data provides a look at how we are spending by functional categories relative to our peer institutions (excluding other expenses which seem to be reported differently by institutions). The distribution of expenses is very similar for OSU and peer institutions (the peers used include the strategic plan peers, other major land grant universities, and the public PAC-12 institutions). In 2013-14 OSU spent 29.8% of expenditures on instruction and 7.5% on institutional support, compared to 30.6% and 6.9% for the median of peer institutions. OSU was about 5,000 students smaller than the median of those peers. More detailed comparisons are in Appendices H and I.

Table 4: Peer comparisons from the Delta Cost Project compilations

Comparisons of OSU and Peers, Delta Cost Project Measures, 2011-2012			
	OSU	Peer Median	Peer Average
Education and Related Spending per Student	\$13,012	\$16,511	\$18,934
Education and General Spending per Student	\$29,440	\$34,284	\$38,927
Net Tuition	\$9,355	\$11,420	\$11,862
Average Subsidy	\$3,657	\$5,361	\$7,072
Student Share of Costs	71.9%	65.1%	67.6%
Percent Admitted	78.0%	69.5%	67.0%
Six-year graduation rate	60.9%	71.0%	73.4%
Completions per 100 Students Enrolled	23.9	27.6	27.4
Enrollment	25,725	34,792	37,575

(OSU Graduate Rate was 63.1% for 2014)

While the distribution of OSU's expenses is not very different than that of our peers, there are some significant differences in per student measures and in outcome measures (Table 4). Some of the key measures are summarized above. OSU is at the lower end of tuition, but also at the lower end of the student subsidy (institutional financial aid, state aid, federal aid, excluding loans). OSU is less selective than this peer group and has lower graduation and completion rates.

These metrics are the result of a long history of higher education in Oregon. Oregon's per student spending was significantly below the national average before the recession of 2008. The history includes a centrally managed system, a tax system with significant volatility, and pressures on state funding for public safety, health, and K-12 education that have competed with higher education. At the same time, there was a strong desire to limit tuition increases. The combination of pressures has OSU beginning its status as an independent university with a need to address several of the issues highlighted in those peer comparisons.

The right strategic answer is not clear. Our distribution of spending across functions is similar to our peers, but our absolute spending per student is lower, so it is not simply a matter of adjusting spending across categories. Creating more revenues to support quality programs for students is an answer, but when two-thirds of revenues come from tuition, this strategy bumps up against the institution's commitment to access and affordability.

One of the revenue strategies in the ten-year plan assumes reductions in administrative costs and operational costs. The first steps on these changes include moving to electronic procurement, strategic procurement, digital signatures, and electronic management of capital projects.

APPENDIX A: Peer tuition rates for comparison 2016-17

Comparison of OSU Undergraduate Tuition and Fees to Strategic Peers and PAC-12							Comparison of OSU Graduate Tuition and Fees to Strategic Peers and PAC-12								
Rates are reported for 2016-17, some campuses may be subject to change							Rates are reported for 2016-17 some campuses may be subject to change								
All calculated at 15-credit hour load							All calculated at 12-credit hour load								
	Annual Tuition			Annual Tuition and Fees		Per term fees*		Annual Tuition			Annual Tuition and Fees		Per term fee		
	Resident	Non-resident		Resident	Non-resident			Resident	Non-resident		Resident	Non-resident			
Strategic Plan Peers							Strategic Plan Peers								
	Oregon State	8,715	27,195	Q	10,366	28,846	550		Oregon State FY16	12,150	21,789	13,801	23,440	550	
Strategic Plan Peers Tier 1	Ohio State University	9,168	27,360	S	10,037	28,229	434	Strategic Plan Peers Tier 1	Ohio State University	11,560	32,008	S	12,429	32,877	434
	Penn State University	17,639	32,234	S	18,587	33,182	474		Penn State University	19,964	33,034	S	20,912	33,982	474
	Purdue University	9,208	28,010	S	10,002	28,804	397		Purdue University	9,208	28,010	S	10,002	28,804	397
	UC at Davis	11,220	37,902	Q	14,046	40,728	942		UC at Davis	11,220	26,322	Q	14,046	29,148	942
	University of Florida	4,478	26,755	S	6,382	28,659	952		University of Florida	10,770	28,163	S	12,674	30,067	952
	University of Illinois	12,036	27,658	S	15,698	31,320	1,831		University of Illinois	12,266	26,502	S	15,928	30,164	1,831
	University of Wisconsin	10,488	32,738	S	11,704	33,953	608		University of Wisconsin	11,942	25,269	S	13,157	26,484	608
Strategic Plan Peers, Tier 2	Colorado State University	8,716	26,010	S	11,052	28,346	1,168	Strategic Plan Peers, Tier 2	Colorado State University	9,628	23,603	S	11,964	25,939	1,168
	Iowa State University	7,098	20,462	S	8,219	21,583	561		Iowa State University	8,474	21,786	S	9,595	22,907	561
	NC State University	6,407	23,926	S	8,880	26,399	1,237		NC State University	8,088	22,610	S	10,561	25,083	1,237
	UC at Riverside	11,220	37,902	Q	15,210	41,892	1,330		UC at Riverside	11,220	26,322	Q	15,210	30,312	1,330
	University of Tennessee	10,914	29,738	S	12,724	31,548	905		University of Tennessee	11,044	29,866	S	12,854	31,676	905
	Washington State University	9,324	23,958	S	11,638	26,272	1,157		Washington State University	10,890	23,794	S	13,204	26,108	1,157
Other Comparator Institutions							Other Comparator Institutions								
Other Major Land Grant Universities	Michigan State University	14,880	38,486	S	14,936	38,542	28	Other Major Land Grant Universities	Michigan State University	16,764	32,940	S	16,820	32,996	28
	Texas A&M University	7,820	27,998	S	10,220	30,398	1,200		Texas A&M University	6,390	16,560	S	8,790	18,960	1,200
	Virginia Tech University	10,787	27,910	S	12,853	29,976	1,033		Virginia Tech University	12,467	25,699	S	14,533	27,765	1,033
	Louisiana State University	8,047	24,731	S	10,816	27,500	1,385		Louisiana State University	9,145	26,083	S	11,914	28,852	1,385
	Kansas State University	9,012	23,913	S	9,874	24,775	431		Kansas State University	9,670	21,828	S	10,531	22,690	431
	University of Arizona	10,752	33,950	S	11,788	34,986	518		University of Arizona	11,372	31,124	S	12,408	32,160	518
	University Of Georgia	9,364	27,574	S	11,622	29,832	1,129		University Of Georgia	8,492	24,090	S	10,750	26,348	1,129
Other Public Pac-12 Universities	Arizona St. University	9,684	25,784	S	10,640	26,740	478	Other Public Pac-12 Universities	Arizona St. University	10,810	28,186	S		29,142	478
	University of Utah	7,408	25,929	S	8,518	27,039	555		University of Utah	7,451	26,292	S	8,561	27,402	555
	University of Colorado	9,768	33,316	S	11,532	35,080	882		University of Colorado	10,836	28,656	S	12,600	30,420	882
	UCLA	11,220	37,902	Q	13,245	39,927	675		UCLA	11,220	26,322	Q	13,245	28,347	675
	UC Berkeley	11,220	37,902	S	13,508	40,190	1,144		UC Berkeley	11,220	26,322	S	13,508	28,610	1,144
	University of Oregon	8,910	31,590	Q	10,762	33,442	617		University of Oregon	14,391	24,165	Q	16,243	26,017	617
	University of Washington	9,696	33,732	Q	10,755	34,791	353		University of Washington	15,207	27,255	Q	16,266	28,314	353
*less mandatory health insurance							*less health insurance								
	Average Strategic Peers	9,840	28,819		11,860	30,840	923		Average Strategic Peers	11,252	26,715	13,272	28,735	923	
	Average All Land Grants here	9,929	28,961		11,814	30,846	886		Average All Land Grants here	11,029	26,281	12,914	28,166	886	
	Average Public Pac-12	9,701	32,308		11,280	33,887	672		Average Public Pac-12	11,591	26,743	13,404	28,322	672	
	Median Strategic Peers	9,324	27,658		11,638	28,804	942		Median Strategic Peers	11,044	26,322	12,854	29,148	942	
	Median All Land Grants here	9,344	27,784		11,630	29,904	947		Median All Land Grants here	10,967	26,202	12,551	28,828	947	
	Median Public Pac-12	9,696	33,316		10,762	34,791	617		Median Public Pac-12	11,220	26,322	13,377	28,347	617	

APPENDIX B: Definitions of functional financial statement categories

Instruction	The sum of all operating expenses associated with the colleges, schools, departments, and other instructional divisions of the institution and for departmental research and public service that are not separately budgeted.
Research	All operating expenses associated with activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution.
Public Service	Expenses associated with activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. This function includes expenses for community services, cooperative extension services, and public broadcasting services.
Academic support	Operating expenses associated with activities and services that support the institution's primary missions of instruction, research, and public service—includes deans' offices, graduate school, parts of research office. It may include part of information services if this is split out separately.
Student services	Expenses associated with admissions, registrar activities, and activities whose primary purpose is to contribute to students' well-being and to their development outside the context of the formal instructional program. Examples include student activities, cultural events, student newspapers, intramural athletics, student organizations, supplemental instruction outside the normal academic program (remedial instruction for example), career guidance, counseling, financial aid administration, and student records.
Institutional support	All operating expenses associated with the day-to-day operational support of the institution. Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, information services, employee personnel and records, logistical services such as purchasing and printing, and public relations and development.
Operation & maintenance of plant	Expenses for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. This category is sometimes allocated to the other functional categories based on an acceptable allocation methodology such as square footage of buildings.
Scholarships & fellowships	Scholarships and fellowships—from restricted or unrestricted funds—in the form of grants to students. This does not include institutional tuition waivers or most governmental grants.
Auxiliary operations	Operating expenses associated with essentially self-supporting operations of the institution that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to, although not necessarily equal to, the cost of the service.
Other expenses	May include things like hospitals, federal research labs, independent operations, and smaller expenditures not included in the above categories.

APPENDIX C: FY16 percent of total E&G expenditures by unit and function, Corvallis and Cascades. Total expenditures were \$489.0 M

2016 Percent of Spending	Instruction	Research	Public Services	Academic Support	Student Services	Self Support-Auxiliaries	Plant	Institutional Support	Other
President	-	-	-	0.03%	-	-	-	1.65%	-
University Relations	-	-	0.01%	-	-	-	-	0.66%	-
Provost	-	-	-	0.32%	-	-	-	0.27%	-
Enrollment Mngmt	0.07%	-	-	-	1.85%	-	-	-	-
Undergraduate Studies	0.17%	-	-	0.25%	0.18%	-	-	-	-
Ecampus	1.67%	-	-	-	-	-	0.00%	-	-
Summer Session	0.08%	-	-	-	-	-	-	-	-
Academic Affairs	0.05%	-	-	0.33%	0.00%	-	-	0.32%	-
Info Svcs	-	-	-	1.08%	-	-	0.13%	2.48%	-
Library	-	-	-	2.62%	-	-	-	0.02%	-
Graduate School	0.20%	-	-	0.58%	0.18%	-	-	-	-
Outreach & Engagement	-	-	0.05%	0.36%	-	-	-	-	-
Extension	-	-	0.00%	0.01%	-	-	-	-	-
Research	1.08%	0.83%	0.10%	0.10%	0.00%	-	0.20%	1.53%	-
Student Affairs	-	-	0.00%	-	1.53%	0.04%	0.01%	0.05%	-
International Programs	0.20%	-	-	0.31%	0.57%	-	-	0.00%	-
Academic Colleges	46.74%	0.73%	2.07%	5.36%	1.56%	-	0.57%	-	-
Business Centers	-	-	-	1.64%	-	-	-	0.60%	-
F&A	-	-	-	-	-	0.07%	0.10%	4.12%	-
Facilities	-	-	-	-	-	-	5.16%	0.52%	-
Athletics	-	-	-	-	-	0.86%	-	-	-
Institutional Management	-0.51%	-	-	-	-	-	0.20%	2.14%	3.85%
Subtotal E&G - Corvallis	49.74%	1.56%	2.23%	12.99%	5.88%	0.97%	6.38%	14.36%	3.85%
Cascades	1.12%	-	-	0.03%	0.14%	0.12%	-0.24%	0.82%	-
TOTAL E&G	50.86%	1.56%	2.23%	13.02%	6.02%	1.09%	6.14%	15.18%	3.90%

APPENDIX D: Details on benefit costs for OSU

Components of Benefits Costs at OSU			
	FY17		FY18
% of Salary Components			
Social Security	6.20%		6.20%
Medicare	1.45%		1.45%
Unemployment	0.15%		0.15%
SAIF	0.28%		0.28%
Average Retirement	20.09%		22.59%
Total	28.17%		30.67%
Fixed charge components			
Health insurance	15,657.00		16,439.85
Workers Comp	34.32		34.32
Basic Life	12.00		12.00
Total	15,703.32		16,486.17
Illustration of Costs at Different Salary Levels			
	FY17		FY18
Annual 12-month Salary	Benefits as %:		Benefits as %:
\$30,000	80.5%		83.0%
\$47,000	61.6%		64.1%
\$82,000	47.3%		49.8%
\$110,000	42.4%		44.9%
	Benefits as \$:		Benefits as \$:
\$30,000	\$24,154.62		\$25,687.47
\$47,000	\$28,943.69		\$30,901.54
\$82,000	\$38,803.54		\$41,636.39
\$110,000	\$46,691.42		\$50,224.27
Detailed retirement rates and distribution			
Program:	Rate		Percent of active employees in
PERS - Tier1 / Tier2	25.28%		24.9%
PERS - Tier3	19.31%		47.3%
ORP - Tier1 / Tier2	25.72%		7.1%
ORP - Tier3	13.94%		15.2%
ORP - Tier4	4% match of 403(b)		5.5%

APPENDIX E: Education and General Expenditure Detail, Corvallis and Cascades, FY12 and FY16

	E&G FY2012	E&G FY 2016	Change	% Change
Unclassified Salaries & Pay	137,469,340	186,699,729	49,230,389	36%
Unclassified OPE	60,784,338	81,602,886	20,818,549	34%
Classified Salaries & Pay	28,252,208	35,060,233	6,808,025	24%
Classified OPE	17,930,347	21,035,068	3,104,721	17%
Student Pay	6,111,750	9,058,882	2,947,133	48%
Student OPE	202,662	266,522	63,860	32%
Graduate Assist Pay	14,519,963	19,448,964	4,929,001	34%
Graduate Assist OPE	2,095,927	4,049,066	1,953,139	93%
Graduate Fee Remissions	13,323,519	17,732,368	4,408,849	33%
OPE & OTHER	1,172,688	2,296,298	1,123,609	96%
Subtotal	281,862,743	377,250,016	95,387,273	34%
Services and Supplies				
Fees & Services	21,863,381	23,264,505	1,401,125	6%
Maintenance & Repairs	16,715,943	15,336,098	(1,379,845)	-8%
Utilities/Waste Disposal	10,203,979	10,489,358	285,379	3%
Minor Equipment	8,806,060	8,440,421	(365,638)	-4%
Debt Service	4,313,479	8,772,920	4,459,440	103%
Supplies	4,552,435	9,841,854	5,289,419	116%
Subscriptions	4,099,072	599,666	(3,499,406)	-85%
Library Electronic Resources^	-	4,720,662	4,720,662	
Travel	5,073,699	7,329,308	2,255,609	44%
Communications	3,797,857	5,887,828	2,089,971	55%
Rentals & Lease expense	3,728,418	5,397,054	1,668,636	45%
Assessments	2,884,836	3,285,795	400,959	14%
Selling and Marketing Costs**	1,986,024	4,488,120	2,502,096	126%
Other	8,691,871	10,685,811	1,993,940	23%
Subtotal	96,717,053	118,539,399	21,822,346	23%
Other expenses				
Capital Outlay	17,211,486	6,504,443	(10,707,043)	-62%
Student Aid	567,897	1,029,345	461,448	81%
Merchandise for Resale		10	10	
Indirect Charges	-	-	-	
Internal Sales	(21,275,000)	(25,685,750)	(4,410,750)	21%
Depreciation	-	-	-	
Net Transfers*	2,363,290	11,439,812	9,076,522	384%
Subtotal	(1,132,327)	(6,712,139)	(5,579,812)	493%
Total Expenses	377,447,469	489,077,276	111,629,807	30%

*part of the net transfer increase is a change in how E&G support of Athletics was managed

^Library electronic resources are because of a move to more online databases instead of subscriptions

**Selling and marketing cost increases are largely because of fees paid to INTO-OSU for international students

APPENDIX F: Change in employee FTE by category and major unit for Corvallis campus, January 2012 to January 2016. The proportions of tenure-rank unclassified employees of total unclassified employees is estimated for 2012, as the data is not consistent by rank that far back.

Change in FTE by status for Corvallis E&G employees

	January, 2012	January, 2016	Change	% change
Academic Units (Colleges, Cascades, Outreach and Engagement)				
Tenure-tenure track	541.9	665.4	123.5	22.8%
Unclassified other	722.6	914.8	192.2	26.6%
Classified	194.3	231.2	36.9	19.0%
Academic, Student Services (Library, Grad School, Research, Information Services, International Programs)				
Tenure-tenure track	25.6	17.5	(8.1)	-31.6%
Unclassified other	195.6	246.0	50.4	25.7%
Classified	201.2	165.4	(35.8)	-17.8%
Business Centers, Finance and Administration, Facilities				
Tenure-tenure track	0.0	0.0	0.0	
Unclassified other	164.8	196.6	31.8	19.3%
Classified	259.0	251.7	(7.3)	-2.8%
Other Institutional Support* (Provost, President, Academic Affairs, University Relations and Marketing)				
Tenure-tenure track	1.5	0.0	(1.5)	-100.0%
Unclassified other	71.1	181.2	110.1	155.0%
Classified	19.6	84.8	65.2	332.4%
Total				
Tenure-tenure track	569.0	682.9	113.9	20.0%
Unclassified other	1,154.1	1,538.5	384.4	33.3%
Classified	674.1	733.0	58.9	8.7%

*much of the change is because of enrollment management moving from Student Affairs to the Provost's Office

APPENDIX G1: Distribution of employee FTE (Corvallis E&G, August, 2016) by position title/function and major unit.

		Advisor	Public safety/other	Custodial services	Research assistant, associate	Human Resources	Instructor	Health services	Food services	Marketing, Communication	Other Academic Support	Professor	Temporary wage	Coaches, special athletics	Information Tech	Other	Support, Admin, Management	Facilities operations	Business functions	Totals	
Direct Academic, Research, Outreach Delivery	Ag Stations				32.8		3.0			1.0	29.3	27.5					38.4	10.8	3.8	146.6	
	Agriculture	12.8			157.6		52.2			4.6	86.8	172.2			12.6		102.2	5.0	1.6	607.7	
	Business	13.0					32.9			4.1	5.3	49.0			7.0		30.6			141.9	
	Cascades	5.0			1.4	1.9	21.2	1.0		3.0	4.1	15.5					23.5	2.2	2.0	80.8	
	CEOAS	4.5			67.0	1.0	7.9			0.5	37.4	81.7			4.0		31.8	3.0		238.7	
	Education				1.0		8.5			1.0	5.4	8.8				10.0				34.6	
	Engineering	22.5			26.5	22.8					11.0	20.7	142.9			14.0		54.8	1.0		316.3
	Extension Campus									2.8	7.7	4.0	2.0		2.0		42.3	2.0	1.0	63.7	
	Extension Counties			0.2							1.0	36.2						74.8			112.2
	Forestry	2.8		0.8	51.6	6.5					3.0	24.7	66.1		7.0			51.3	4.0	1.0	218.7
	Honors	4.0						1.0					2.0					6.8			13.8
	Liberal Arts	14.0				0.8		121.6			5.0	7.1	133.4					38.5	1.0		321.3
	Pharmacy	3.0				4.8		4.0	2.0			13.1	30.5		1.0			17.2			75.6
PHHS	7.0		0.1	17.9		72.7				3.0	94.6	94.1					66.7		2.0	358.0	
Science	7.0			25.4		45.4				4.2	21.7	98.2		2.8			32.6			237.4	
Vet Med	1.0			9.9		10.2					82.1	42.0			5.0		17.7	4.0	1.8	173.6	
Academic Support	Ecampus	4.0					3.0			7.0	6.0				13.0		29.3			62.3	
	Grad School						2.8			1.0					4.5		15.8			24.1	
	International Pgms	11.0			1.0		39.3			1.0	1.0				2.0		57.7			113.0	
	IS						0.8			3.0					83.0		45.9			132.6	
	Library				1.0		1.0			2.5	39.3	17.0			6.0		22.3			89.1	
	Research			6.0	42.1		3.0			3.3	37.5	17.7			3.0		87.4	9.0	18.3	227.1	
Student Support	Student Affairs	17.3		41.0			1.0	64.0	103.0	8.0	2.0		32.0		7.5		188.3	39.0	6.0	509.1	
	Student Services	21.0					6.8			2.0		0.1	9.0		8.3		115.5			162.6	
Institutional Support	Business Centers					36.6											37.3		104.5	178.4	
	F&A		36.0			21.0				1.0					17.5		113.3	12.7	48.1	249.5	
	Facilities Ops																10.0	65.0	1.0	76.0	
	President Provost									1.0							71.6			72.6	
Other	URM									16.3							12.5			28.8	
	Athletics									1.0			47.0	82.4	3.0		58.6	6.0	1.5	199.6	
	USSE														10.0		8.0		11.5	29.5	
Totals:		149.9	36.0	48.1	440.8	89.9	438.3	67.0	105.8	96.2	558.1	1000.6	88.0	82.4	213.2	10.0	1502.6	164.6	204.1	5295.4	

APPENDIX G2: Distribution of employee salary totals (Corvallis E&G, August, 2016) by position title/function and major unit.

		Advisor	Public safety/other	Custodial services	Research assistant, associate	Human Resources	Instructor	Health services	Food services	Marketing, Communication	Other Academic Support	Professor	Temporary wage	Coaches, special athletics	Information Tech	Other	Support, Admin, Management	Facilities operations	Business functions	Totals		
Direct Academic, Research, Outreach Delivery	Ag Stations				1,620,113		206,853			53,760	1,238,948	2,528,403					2,725,818	480,406	214,269	9,068,570		
	Agriculture	643,389			7,725,154		3,002,005			282,730	3,955,500	16,478,170			877,248		7,681,117	260,436	77,904	40,983,653		
	Business	659,208					1,853,687			258,585	450,857	6,135,516			424,692		2,530,791			12,313,336		
	Cascades	221,388			60,607	109,951	1,166,489	62,004		164,244	214,761	1,391,181					1,750,071	144,423	106,344	5,391,463		
	CEOAS	215,418			4,134,798	72,012	543,841			24,720	2,182,852	8,919,671			324,564		2,672,364	33,936		19,124,176		
	Education				54,612		448,235			35,400	316,174	650,886					658,342				2,163,649	
	Engineering	1,070,394			1,770,287	1,582,135				668,340	1,510,186	15,728,589			1,087,152		4,848,086	44,544			28,309,713	
	Extension Campus								18,297	484,067	246,228	-			109,620		3,155,126	76,032	51,312		4,140,682	
	Extension Counties			6,788						67,872	1,357,329							2,881,906				4,313,895
	Forestry	1,129,807		23,250	2,809,784	486,611				176,196	934,896	6,452,708			444,660		4,150,416	12,895	51,312		16,672,535	
	Honors	174,900					53,712					-						461,050				689,662
	Liberal Arts	630,792			27,737		5,533,613			244,716	432,746	11,199,050					2,672,835	31,199			20,772,688	
	Pharmacy	159,204			306,019		432,740	272,316			1,039,917	3,481,055			63,540		1,711,815				7,466,606	
	PHHS	329,088		3,249	825,409		3,168,190			170,760	3,858,470	7,521,745					4,707,430			130,212	20,714,553	
Science	320,304			1,210,833		2,742,101			265,854	1,168,926	9,483,886			166,707		1,884,100				17,242,711		
Vet Med	42,468			454,089		1,232,023				3,472,397	4,973,079			37,704		1,728,033	159,636	62,383		12,161,812		
Academic Support	Ecampus	190,056					95,439			378,912	377,136				777,480		1,985,283				3,804,306	
	Grad School						187,672			47,839					360,594		998,558				1,594,663	
	International Pgms	464,184			44,004		1,693,261			38,724	41,508				117,684		2,808,156				5,207,521	
	IS						30,004			136,716					5,913,827		4,151,632				10,232,179	
	Library				58,752		50,448			136,290	1,747,173	1,008,276			410,796		1,582,429				4,994,164	
	Research			160,704	2,357,523		228,312			236,227	2,058,545	1,723,171			196,824		6,684,791	449,592	1,031,670		15,127,359	
Student Support	Student Affairs	925,414		1,201,272			47,839	4,410,671	3,543,668	391,909	153,735		853,823		471,357		11,990,796	1,968,381	264,672		26,223,537	
	Student Services	955,578					263,691			84,396		12,416	222,243		520,063		6,439,068				8,497,455	
Institutional Support	Business Centers					1,693,395											3,047,721		5,022,459		9,763,575	
	F&A		1,544,400			1,249,944				48,996					1,016,219		7,672,619	642,424	2,900,484		15,075,086	
	Facilities Ops																739,836	3,327,060	42,516		4,109,412	
	President Provost									93,360							7,435,376				7,528,736	
Other	URM									852,696							1,190,850				2,043,546	
	Athletics									60,000			2,044,809	12,243,642	170,796		4,291,122	244,860	53,102		19,108,331	
	USSE														943,836		816,024		825,021		2,584,881	
Totals	8,131,592	1,544,400	1,395,263	23,459,721	5,194,048	22,980,155	4,744,991	3,561,965	5,403,309	26,758,284	97,687,802	3,120,875	12,243,642	14,435,363	658,342	107,395,219	7,875,824	10,833,660	357,424,455			

Appendix H: Peer comparisons of costs distribution from IPEDS data. This excludes peers with large hospital operations or large independent federal lab operations. Total expenditures are also shown for comparison of institution size.

Institution Name	Total Enrollment	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation of Plant	Scholarships and Fellowships	Auxiliary enterprises	Other expenses deductions	Total expenses deductions
Arizona State University-Tempe	50,320	37.4%	14.5%	2.4%	14.5%	4.8%	8.1%	0.0%	6.9%	10.9%	0.5%	1,859,121,000
Michigan State University	50,081	32.3%	17.7%	11.5%	6.3%	2.8%	6.1%	0.0%	2.9%	20.2%	0.3%	2,109,937,947
University of Florida	49,459	30.6%	26.1%	19.3%	7.5%	1.6%	7.2%	0.0%	2.3%	5.0%	0.4%	2,473,160,000
University of Illinois at Urbana-Champaign	45,140	28.0%	21.2%	10.3%	13.0%	4.7%	3.3%	0.0%	7.7%	11.8%	0.0%	2,472,501,632
University of Arizona	42,236	26.8%	25.7%	5.2%	13.1%	2.8%	7.6%	0.0%	3.7%	15.1%	0.0%	1,753,337,000
Purdue University-Main Campus	39,752	39.3%	16.7%	9.6%	8.7%	2.2%	8.6%	0.0%	3.1%	11.9%	0.0%	1,656,273,413
University of California-Berkeley	37,565	28.9%	26.1%	3.3%	7.9%	7.5%	10.5%	0.0%	5.3%	9.5%	1.2%	2,546,190,000
University of Georgia	35,197	23.8%	28.4%	14.0%	7.8%	3.7%	6.3%	0.0%	2.2%	13.9%	0.0%	1,271,453,181
North Carolina State University at Raleigh	33,989	32.1%	22.7%	10.0%	7.0%	2.4%	6.9%	0.0%	3.5%	15.3%	0.2%	1,297,220,353
University of Colorado Boulder	32,432	36.1%	26.4%	0.6%	8.5%	3.9%	5.0%	0.0%	1.1%	18.4%	0.1%	1,201,562,617
Colorado State University-Fort Collins	31,354	30.8%	23.5%	10.7%	8.7%	3.5%	5.3%	0.0%	1.1%	16.2%	0.3%	928,361,354
Virginia Polytechnic Institute	31,224	28.3%	29.2%	9.7%	7.5%	1.4%	5.5%	0.0%	1.0%	17.2%	0.1%	1,249,336,823
Louisiana State University	31,044	28.1%	25.1%	8.4%	10.0%	3.1%	5.4%	0.0%	2.1%	17.8%	0.0%	1,040,456,048
Oregon State University	28,886	28.9%	21.3%	9.2%	7.3%	3.1%	7.3%	0.0%	3.2%	16.5%	3.1%	945,928,040
Washington State University	28,686	26.0%	23.6%	4.8%	8.9%	3.6%	8.7%	0.0%	7.2%	17.3%	0.0%	1,017,525,665
Kansas State University	24,766	32.2%	21.8%	11.2%	7.0%	10.8%	5.5%	0.0%	3.7%	7.2%	0.6%	761,439,294
University of Oregon	24,096	35.5%	9.9%	5.3%	7.2%	5.0%	7.4%	0.0%	2.0%	25.3%	2.5%	829,402,683
University of California-Riverside	21,498	31.9%	17.1%	1.4%	7.5%	9.6%	8.1%	0.0%	7.5%	15.7%	1.2%	717,217,000
University of Wisconsin-Madison	42,598	21.6%	31.6%	6.8%	7.6%	4.7%	3.5%	0.0%	2.1%	9.3%	12.7%	2,545,739,256
Oregon State	28,886	28.9%	21.3%	9.2%	7.3%	3.1%	7.3%	0.0%	3.2%	16.5%	3.1%	945,928,040
Median	33,989	30.6%	23.5%	9.2%	7.8%	3.6%	6.9%	0.0%	3.1%	15.3%	0.3%	1,271,453,181
Average	35,806	30.4%	22.6%	8.1%	8.7%	4.3%	6.6%	0.0%	3.6%	14.5%	1.2%	1,509,271,753

Appendix I: Peer comparisons of per student metrics from Delta Cost Project. Education and Related Spending is that for instruction, student services, and part of academic support. Education and General spending includes those plus research, all academic support, institutional support, plant and public service spending.

		2007	2008	2009	2010	2011	2012
Tuition	OSU	\$7,610	\$7,451	\$7,732	\$8,331	\$8,804	\$9,355
	Peer Median	\$8,202	\$8,478	\$8,489	\$9,641	\$10,382	\$11,420
	Peer Average	\$8,759	\$8,907	\$9,321	\$10,142	\$10,968	\$11,862
Average Subsidy	OSU	\$5,244	\$5,124	\$5,245	\$3,749	\$3,444	\$3,657
	Peer Median	\$7,199	\$8,299	\$8,367	\$6,416	\$5,895	\$5,361
	Peer Average	\$9,280	\$9,562	\$9,248	\$8,242	\$7,514	\$7,072
Student Share of Costs	OSU	59.2%	59.3%	59.6%	69.0%	71.9%	71.9%
	Peer Median	50.9%	49.8%	50.5%	57.5%	61.6%	65.1%
	Peer Average	52.8%	52.4%	54.0%	59.3%	64.1%	67.6%
Percent admitted	OSU	92.0%	86.0%	84.0%	82.0%	81.0%	78.0%
	Peer Median	74.0%	70.0%	69.5%	69.0%	69.5%	69.5%
	Peer Average	71.1%	67.4%	66.6%	67.3%	67.5%	67.0%
Six-year graduation rate	OSU	60.8%	62.0%	60.5%	60.2%	61.0%	60.9%
	Peer Median	70.2%	71.8%	71.7%	71.4%	70.4%	71.0%
	Peer Average	70.4%	71.1%	72.3%	72.9%	72.5%	73.4%
Completions per 100 FTE Students Enrolled	OSU	25.2	24.9	24.6	23.9	22.1	23.9
	Peer Median	25.4	25.1	25.5	26.0	26.5	27.6
	Peer Average	26.3	26.4	26.1	26.1	26.8	27.4
Education and Related Spending per Student FTE	OSU	\$12,854	\$12,575	\$12,977	\$12,080	\$12,248	\$13,012
	Peer Median	\$15,957	\$16,494	\$16,090	\$15,661	\$15,573	\$16,511
	Peer Average	\$18,039	\$18,469	\$18,568	\$18,384	\$18,482	\$18,934
Education and General Spending per Student	OSU	\$30,886	\$29,768	\$31,206	\$29,525	\$29,121	\$29,440
	Peer Median	\$33,521	\$34,686	\$34,068	\$33,916	\$34,311	\$34,284
	Peer Average	\$36,504	\$37,049	\$37,506	\$37,891	\$38,390	\$38,927
Enrollment (Headcount)	OSU	19,847	20,234	20,814	22,561	24,430	25,725
	Peer Median	32,792	32,816	33,526	34,352	34,526	34,792
	Peer Average	35,127	35,545	35,866	36,684	37,049	37,575

Appendix J: Answers to finance questions from students at June meeting

1. OSU Tuition: Why has tuition gone up if state funding has gone up?

Tuition has increased because state funding per student has declined over time and there have been commitments to increased financial aid, faculty, and graduate student support.

State funding has gone up in recent years, but the number of students has also grown. In 2005-06, state funding paid approximately 43 percent of the cost of educating resident Oregon students. In 2015-16, the state's contribution to that cost had declined to 33 percent. In 2005-2006, OSU spent an average of \$13,422 in E&G expenditures per Corvallis student (with 19,236 students). Adjusted for inflation, this total would be \$16,589 per student in 2015-16. In 2015-16, OSU's cost per student actually was \$17,454 per student (at an enrollment of 29,576), which is 5.2 percent or \$864 more per student than the inflation-adjusted rate. What is the additional \$864 per student being spent on? From 2006 to 2016, institutional financial aid has increased \$446 per student over inflation. OSU's expenditures for graduate assistants have increased \$304 per student. The remaining \$114 per student is attributed to net changes in faculty and staff; services and supplies; and investments in student success.

2. OSU Expense Distribution: Why is "administration" increasing?

Total institutional support costs have increased because OSU is much larger and more complex than it was ten years ago, and it now functions as an independent university. Increased costs for compliance and governance costs now on OSU's books have increased this category as a percentage of total expenditures.

In 2006-07 Instructional expenditures were 23.8% of OSU's total expenditures of \$612.8M and Institutional Support expenditures were 5.8% of the total. In 2014-15 (before an accounting change noted below) instructional expenditures were 26.5% of OSU's total expenditures (\$992.0M) and Institutional Support expenditures were 6.7% of that total. Institutional Support is the formal reporting category that includes general administration, but also costs like fiscal operations, human resources, purchasing, etc.

3. Did student aid and instruction go down when "administration" went up?

No. The student aid referenced is only the part of OSU's financial aid that is largely from private gifts. Actual instructional expenditures in 2014-15 went up \$14.8M over 2013-14. A change in accounting for pension costs applied first in 2014-15 lowered booked expenditures for personnel by over \$50 million. The audited expenditures for 2014-15 are not directly comparable to the audited costs in 2013-14 because of this difference in accounting for pension assets and liabilities.

The \$28.5M in the Student Aid category in the financial statement includes largely private sources of aid. Student Aid does not include institutional tuition waivers (\$30.9 M in 2014-15 up from \$11.69M in 2006-07) or Federal and State financial aid, such as Pell Grants. In FY15, these government grants totaled \$34.13 million. OSU's FY15 audited financial statement clearly states that this was the first year in which new Federal Governmental Accounting Standards Board standards for treating pension obligations were applied. This accounting adjustment resulted in the effect of reducing booked expenditures for personnel by over \$50 million. The largest impact was in the area of instruction as this is the most

personnel intensive. Before the accounting change, FY15 instruction expenditures were \$258.5 million compared to \$243.7 million in FY14, an increase of \$14.8 million.