

Attending: Dom Miller, Sami Searles, August Peterson, Austin Carsh, Isai Garcia, Josh Kaufman Mendenhall, Sherman Bloomer, Nicole Real and Karren Cholewinski. Absent: Steven Miller, Jasen Phillips and Lisa Lin.

### Updates & Information: (Sherm)

- Contacted the Deans in PHHS and Engineering for assistance with identifying a representative from their colleges for SBAC. Also, contacted Athletics to see if it is possible to have a student representative. Have been corresponding with DCE regarding representation from one of the Cultural Centers.
- Contact made with University Housing & Dining Services regarding possibility to meet with SBAC. Will work on scheduling a date.
- Athletics funding discussion with the SBAC members present.
- The FY2019 fees for Student Health Services (SHS) and Counseling and Psychological Services are no longer included in the student incidental fee process. The fees for SHS and CAPS will be included in the budgeting work of the University Budget Committee. With SBAC serving in an advisory capacity to the UBC, SHS (and CAPS) will want to meet with the SBAC if there is interest. Currently, SHS is scheduled to attend the SBAC meeting on Monday, November 20. Sherm will contact CAPS to determine interest in participating.

### Pink Pig Budget Primer: (Sherm)

- There are **three major funding sources** (buckets) that support the budgeted operations of Oregon State University, they include:
  - Education & General (E&G) - Monies come from state appropriations, tuition & fees, and a few other sources. The monies support the operations of OSU-Corvallis, OSU-Cascades and the Statewide Public Services (SWPS).
  - Self-Support – Largest share is Student Centers. There are multiple smaller self-support operations.
  - Restricted – Funding is for very specific purposes and mostly come from the state or federal governments and private gifts.
- **Table 1 – Major Revenues & Expenditures**
  - *Governmental Grants* (federal, \$221.7 million and state, \$22.0 million) pay a percentage to cover the Facilities & Administrative (F&A) Rates (overhead expenses) of the University (Library, Research Office, Facilities, etc.). In some cases, a percentage of the F&A funds received may flow to the college and down to the department level. The allocation of F&A funds distributed to a college is managed by the dean.
- **Table 2 – Revenues and Expenses for OSU-Corvallis 2017-2018**
  - SWPS is a group of three organizations that are part of the [land grant mission](#) of OSU, [Extension Service](#), [Agricultural Experiment Station](#) and [Forest Research Laboratory](#).
  - Funding for SWPS has 65% coming from the state with the balance from federal appropriations and fees for Services & Supplies.
  - New for FY2018 is the state mandated [Outdoor School Program](#) operations, which is being managed by the Extension Service.
- **Academic and Fiscal Years at OSU**
  - Fiscal year (operating year) is July 1 through June 30
  - Academic year (school year) is September 1 through August 31

- Many faculty are on 9-month appointments; while others are on 12-month appointments, which requires a 3-month research appointment.
  - Fall term has the highest enrollment, while winter and spring terms have lower numbers; Ecampus enrollment is continuing to grow each term.
- **Table 3**-Revenues for 2017-2018 OSU-Corvallis E&G operating budget and **Table 4**-Detail of tuition and fee revenues including institutional financial aid
  - **Tuition Revenues** are summarized in Table 3 and details are provided in Table 4
  - **Resource fees** include course fees which flow into student operations (does not include incidental fees)
  - **Differential tuition** is relevant to some colleges, i.e. business, due to their high level of service to students and Engineering's service to undergraduate students; Graduate degree programs often have a professional focus and are higher cost programs; Colleges of Pharmacy and Vet Med rates determined based on rates charged by peers (market rate) and both have strict accreditation programs.
  - **Ecampus** undergraduate and graduate programs, there is no differentiation between resident and non-resident tuition rates.
    - The Ecampus started with this model for pricing, OSU is priced by quarter while most peers are semester-based
    - For FY2018-2019, it is projected Ecampus tuition revenue will be greater than the revenue from resident student tuition
    - Ecampus charges a distance education fee, which is for support Ecampus operations.
    - Ecampus enrollments are as reliable as campus-based resident enrollment
    - The Budget Office perspectives about tuition and courses is *tuition is tuition* and *courses are courses* regardless of the instructional venue.
    - *Question: Are Ecampus students charged OSU on-campus student fees?*
      - Incidental fees are not linear across credits. On-campus students are charged student fees upon reaching a certain credit level; Ecampus students have a few select student fees.
  - Sherm: Should the fees be differently tiered? If we change to a tiered fee structure, it changes the fee distribution, which affect processes downstream.
  - Discussion: Part-time students may have greater needs for services funded through student fees than other student types. UG most likely to take advantage of the services over Graduate students.
  - Sherm explained the process for institutional **Financial Aid**; in budgeting, it is referred to as *Fee Remissions*.
  - **F&A Cost Recovery** (Indirect Cost or Overhead Cost) is redistributed across multiple units. The F&A rate will be undergoing review in spring 2018. The rate is federal reviewed every four years.
  - **Sales & Services** include income from operations such as the Chemistry Store, providing lab supplies to students at a reasonable cost.
  - **Other** category include interest income of approximately \$4.5 million.
- **Table 5 – Expenditures by category**
  - Personnel Services: Almost 75% of the annual Corvallis E&G budget is spent on people, salaries/wages and other payroll expenses (OPE = Taxes and Benefits)
  - Personnel types: Unclassified employees are not represented by collective bargaining unit (union); Classified employees are represented by a collective bargaining unit, Service Employees

- International Union (SEIU), Local 503, OPEU (Oregon Public Employees Union); Graduate Teaching Assistants are represented by the Coalition of Graduate Employees, American Federation of Teachers, Local 6090.
- OPE is higher at OSU than in the private sector due in part to past issues related to employee health and retirement benefits.
  - OSU does not develop budgets based on the number of faculty but budgets at a high-level leaving the management of details up to the unit, which varies across colleges/unit.
  - Services & Supplies
    - Provided a high-level summary but all expenses are explainable because it is possible in the reporting system to drill down into a specific expense category, and further down into a copy of most invoices/bills.
  - Capital Outlay – Funds are distributed from an E&G fund into a Plant Fund for equipment purchases exceeding \$5K or higher.
  - Student Aid=Student Awards
  - Net Transfers are monies partially based on the passing around of money from a central fund.
- **Revenue Notes**
    - State of Oregon Legislature meets (regular session) bi-annually; funds are allocated to Oregon State University biennially with 49% the first year and 51% second year. For FY2018, the Legislature had not confirmed the final allocation to Oregon's Public Universities, resulting in uncertainty for the FY2018 budget approved by OSU's Board of Trustees in early June 2017.
    - Tuition Volatility: Enrollment drives tuition rate increases. The current Oregon high school graduation rate is flat and OSU cannot rely on this demographic. It is important that enrollment projections and tuition rates make sense going forward.
  - **Tuition Model (excel workbook)**
    - Planning to review tuition in the context of 5-year increments, rather than year-by-year. Must be cautious to ensure a linear increase for students, rather than one with peaks and valleys.
      - Question: Has tuition been modeled at a loss at differing enrollment projections for resident and non-resident students? Answer: Yes, and encouraged by the projection results for enrollment numbers (aggregated numbers).
      - Question: What about increasing recruitment efforts in state? Answer: They have been doing this but the Associate Provost-Enrollment Management wants to focus on community college programs, addressing placement of people at an appropriate community college and ensuring the courses taken qualify for transfer to OSU.
      - Question: With a 5-year tuition projection, is a tuition cap part of the conversation? Concern in 20 years college becomes unaffordable; there is continually an increasing need for Financial Aid; eventually the paying students too will need financial aid.
      - Sherm: At the Board of Trustees' retreat, they will be discussing, *What is affordability?* (Looking at the 10-year projections), and *What trajectory can tuition be on?*
  - **Athletics Primer** – Sherm reviewed the Athletics information as requested during the last SBAC meeting. In reviewing the value added to the University by having an athletic department, the University receives approximately \$15.3M in revenues from athletics to E&G in support of students and pays out approximately \$14.5M for an estimated contribution of \$807K.
    - Some of the larger revenue items are tuition for scholarship athletes in the amount of \$6.9M and \$4.4M for non scholarship athletes.

- Additionally, \$1.4M or 25% of tuition paid by associated students (approximately 87 students).
- Expenses are paid to the athletic department by the University as institutional support, currently \$4M but will be increased to \$8M.
- Marginal increase in support costs for 587 students of \$2.8M.

Biggest area of revenue is from the PAC-12/NCAA contracts. We all receive a share when any team in the PAC-12 goes into post season. The next largest revenue generator are ticket sales coupled with donations. Football is the largest revenue generator with men's basketball and baseball also generating profits. These support the other sports. Expenses have remained static over the last several years but you can see athletics has been operating at a deficit. With the above mentioned additional E&G support along with new thinking around restructuring ticket and donation sales this should help get athletics back on track.

**Next Meeting:** Monday, November 6, 2017 at 7:00 pm in the 3622 Valley Library, Willamette Room East

**Of Interest:** University Budget Conversations, Thursday, November 9, 2017 at 12:30 pm, Marketplace West-Northwest Room. Topics: F&A Costs (Indirect Cost) and Tuition & Financial Aid