Resources:
The FY23 Corvallis E&G budget will show positive growth and a return to somewhat more typical trends. It is important to remember that overall estimated revenues still lag what pre-pandemic growth trends would have suggested for FY23 by about $40M (6%). State appropriations will increase about $7.2M, net tuition and fees by $18.4M, F&A recovery by $4.8M, and other revenues by $2.3M. The tuition increase comes from continued strong growth in Ecampus (now 43% of net tuition and fee revenues) and another large class of new undergraduate students in Corvallis. The enrollment growth is helping net tuition growth but includes a commitment to institutional financial aid that has more than doubled from three years ago (to over $80M) so net tuition growth isn’t the same as it was when growth was from international students with modest financial aid. The increase in aid is both a commitment to increase support for resident Oregonians with significant financial need and a result of rejoining the Western Undergraduate Exchange (WUE) in which non-resident students from member states who qualify pay 150% of resident tuition. This approach has stemmed the decline in resident undergraduates and yielded a large increase in domestic non-resident students for FY23. Both trends will help maintain strong enrollments in the future.

Budget Distribution:
The growth in budget is strong and is essential to cover cost increases from inflation (salaries, benefits, S&S) and contractual increases (debt service, insurance rate increases, etc.). About 10% of the total budget is held centrally for institution-wide costs (left-hand bar of total budget graph) including 2% that eventually goes to colleges as settle-up. Of the remainder (right-hand bar of the total budget graph), 60% goes to academic programs, 4% to executive functions (President, General Counsel, OID, EOA, Provost, Athletics, etc.); 22% to the Research Office and service units reporting to the Provost (including the libraries, Ecampus, and UIT); 8% to business units reporting to the VPFA; and 6% to University Facilities, Infrastructure, and Operations.

The FY23 budget incorporates technical changes in the budget model that push funds previously held centrally out to units in the initial budget (primarily for salary increases and graduate assistant health insurance). Of the $32.8M of total new budget, there was a $6.3M reduction in central (the salary distributed out to units), a $24M increase to academic units, and a $15.1M increase to other units.
An important point about this change is that there will not be distributions for salary increases or graduate assistant health increases during the year. Units must plan to manage those with the initial budget allocated.

**Long-term planning:**
The major commitments in the FY23 initial budget are focused on supporting existing services and agreements and continuing long-term strategies in support of the strategic plan. Inflationary and contractual cost increases for the former will be approximately $20-25M across all units and central obligations. The latter (long-term strategies) includes a continued commitment to the capital renewal strategy (principally a $4M increase in debt service), commitments to continue enrollment growth ($700K for Enrollment Management and $1.3M for Ecampus), and an initial commitment to the Administrative Modernization Project (AMP). The AMP project is a multi-year review and reconstruction of the processes, systems, and tools used to deliver most of OSU’s business processes and is funded by a portion of the $300M bond proceeds sold in 2020. Long-term savings from the project are projected to exceed the total costs. The commitment for FY23 is $1M in debt service from E&G to support about $9.5M in FY23 expenditures from bond proceeds.

**Annual E&G Budget Process:** Historically, the support unit budgets have been built from the current year factoring in inflationary costs, existing commitments (including the budget model), resource changes, and requests for new commitments. Over the last couple of budget development cycles, the requests for new commitments have been substantial enough (for example $20M this year over what is discussed above) that it has been difficult to give each request due consideration in order to reasonably prioritize them and make final budget decisions. A change in the process is proposed when building next year’s budget to separate inflation, revenue growth, and known commitments from new recurring commitments requested. As a start, FY23 requests for new commitments are going to be largely deferred. The Provost and VPFA, in consultation with the President, will discuss and prioritize those requests with their respective leadership groups over summer and fall. Requests approved for funding in fall 2022 will be supported from reserves and will become part of the “known commitments” used to build the FY24 budget. The goal is to provide earlier access to an initial budget and provide more time to consider and prioritize requests for limited new resources.