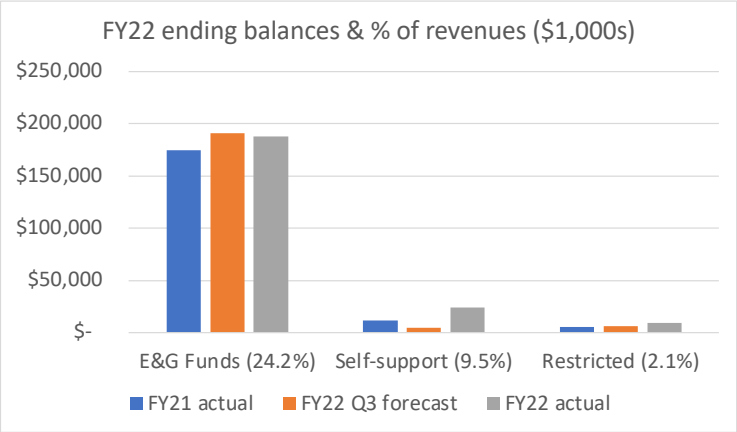
University Budget Conversations – October 13, 2022
Overview of 2022-23 Budget

OSU starts the new academic year in good financial and enrollment shape thanks to the efforts of people across campus working on student recruitment and retention and budget management at every level. The third allocation of Federal relief funding in FY22 helped units, particularly some self-support units, end the year better than anticipated. It is exciting to have so many students, faculty, and staff back on campus even as OSU evolves to create and manage more opportunities for remote work.

How did we end FY22?

As part of managing through the pandemic, the university delayed spending some of the E&G cash reserved for capital renewal funding (relying on state CIR funds or loans to keep critical projects moving). This, with the Federal relief funds that helped offset some revenue losses yielded strong ending fund balances somewhat above the Board's 20% upper threshold. E&G balances ended a bit lower than forecasted in Q3 (bar graph to left). We anticipate that the balance will be spent down over the next 2 to 3 years as we continue the capital renewal strategy. Self-support balances are still below the Board's 10% lower threshold but ended much better than the Q3 forecast because of the distribution of the final Federal relief funds in areas like Housing & Dining, student centers, and parking. Restricted funds always have small balances but were somewhat higher than expected as spending for some of the large projects like RCRV were slower than forecasted.

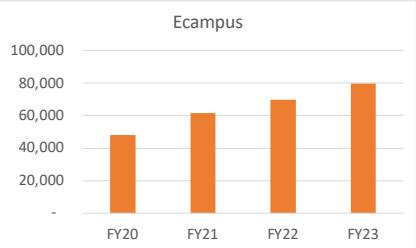


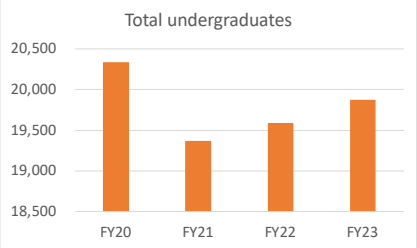
The E&G balances are about 2/3 in academic or SWPS operations. The central reserve balance is almost entirely due to the positive balances in the capital renewal funds. The Provost and Finance & Admin balances are reserves principally used by the Provost and VPFA to support new initiatives like the project management office.

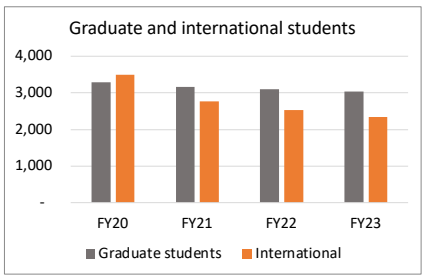
FY22 Ending E&G Balances		
Colleges	$ 68,557,375	36.6%
Cascades	2,068,435	1.1%
SWPS	28,569,217	15.3%
Outdoor School	28,477,772	15.2%
Provost units	15,917,617	8.5%
Research	3,869,453	2.1%
President units	2,610,244	1.4%
Finance & Admin	18,861,957	10.1%
Central reserves	18,379,076	9.8%
	$ 187,311,145	

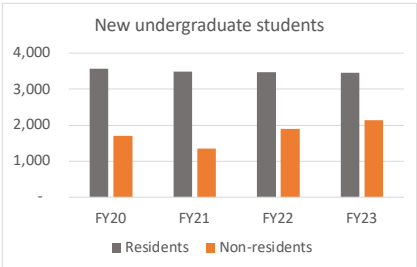
FY23 Enrollment

Enrollment at OSU is very strong for fall term, with an expected increase in headcount and credit hours of over 3% (for the first time in some time credit hour growth exceeded headcount growth). Ecampus continues to show strong growth and Cascades is up over 7% in credit hours (over 3% in headcount) The graphs at the left (SCH for Ecampus others are headcount) show the changes for some particular student groups 10 days before census.



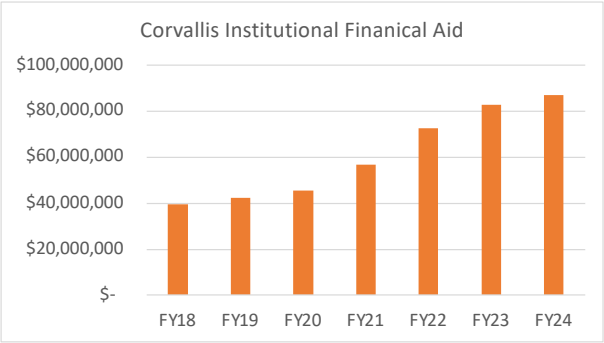






Undergraduate enrollments in Corvallis are increasing after a large decline in FY21. New student enrollments (mainly from non-resident students as a result of rejoining the Western Undergraduate Exchange—which is also part of the significant increase in institutional financial aid) are up significantly. This bodes well for the future if OSU can retain

those students. There are some challenges in continued declines in graduate student enrollment (mostly masters students) and international student enrollment. The undergraduate growth has been in large part because of commitments to increased institutional financial aid for both resident undergraduates and non-residents in the WUE program. Institutional aid has more than doubled since FY19.



FY23 Revenue Forecasts

	FY23 Budget	FY23 October Update
Corvallis		
Resident undergraduate	$112,489,000	$112,694,000
Non-resident undergraduate	128,312,000	136,108,000
Graduate	40,531,000	40,620,000
Professional	21,229,833	20,598,000
Fees and Other	11,249,548	9,245,000
Summer	7,126,000	5,818,000
Waivers	(87,286,000)	(82,700,000)
Total	**233,651,381**	**242,383,000**
Ecampus	**178,891,000**	**183,760,000**
Cascades	**14,654,000**	**14,654,000**
Total	**427,196,381**	**440,797,000**

The improved enrollment forecast has yielded better than expected tuition revenues as shown in the table at the left. Ecampus is forecast up about $5M (much of which will go back out to academic departments teaching those classes) and non-resident tuition is up about $8M (which will offset the $9.4M negative budget reserve that was in the initial Corvallis budget).

EDUCATION & GENERAL (Corvallis, Cascades, Statewide Public Services)			
(in thousands except enrollment)	2022 Final	2023 Budget	2023 update
Total Revenues	*773,908*	*804,296*	*823,581*
Total Expenditures	*(764,091)*	*(804,508)*	*(804,508)*
Ending Unrestricted Net Assets	*$187,311*	*$178,388*	*$193,835*
% Operating Revenues	24.2%	22.2%	23.5%

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments			
(in thousands)	2022 Final	2023 Budget	2023 update
Total Revenues	*250,329*	*252,746*	*252,746*
Total Expenditures	*(229,235)*	*(249,302)*	*(249,302)*
Ending Unrestricted Net Assets	*$23,804*	*($10,303)*	*$8,953*
% Operating Revenues	9.5%	-4.1%	3.5%

RESTRICTED FUNDS			
(in thousands)	2022 Final	2023 Budget	2023 update
Total Revenues	*456,924*	*476,000*	*476,000*
Total Expenditures	*(419,987)*	*(428,620)*	*(428,620)*
Ending Restricted Net Assets	*$9,789*	*$18,444*	*$22,044*
% Operating Revenues	2.1%	3.9%	4.6%

The overall estimate of revenues and expenses (transfers are not shown) as well as projected ending balances are in the table at the right (to give you some idea how large the major funds are). The high occupancy in UHDS may yield somewhat improved revenues there (as well as somewhat higher expenses) and some of the E&G tuition revenue over budget may be used to offset increased costs in capital projects or unit operating costs.

What about inflation?

Inflation has been an area of concern for individuals and institutions. There is hope for some progress in CPI inflation (the Oregon economic forecast was modeling a return to a 3% range by FY24). For OSU, inflation on operating costs is driven more by salary and benefit rates than by CPI inflation (since our costs are 75% salary and benefits). This means the university's effective inflation rate tends to be higher than CPI when that index is low and lower than CPI when that index is high. The latter is true this year and probably next year (graph at the left of CPI and OSU "local" inflation over the last 20 years or so). OSU's "local" inflation is what most impacts tuition rates.