

FORECASTING 101



Oregon State
University

FORECASTING 101



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Forecasting Guidance

- Base Budget vs. Carryover
- Prior Year Trends
 - FIN2554 (Op Stmt Query by Period)
- Check Actuals
 - FIN1855 (Consol. Op Stmt by Index)
 - FIN1922 (Transaction/Payroll Ledger Detail)
- Review Items with Management
 - Vacancies
 - New Strategic Initiatives
 - Goals/Planning/Future Purchases



FY20 Budget Planning Guidelines

These guidelines are based on projected or anticipated changes in enrollments, benefit costs and other variables that are subject to change. Where appropriate, the relative volatility of a guideline has been provided.

FY20 Guidelines

Salaries

Unclassified, including academic, faculty and professional: 3% raise January 1

Classified employees - 4.75% (Full steps + 3.0% COLA on July 1, 2019 and 2.1% COLA on July 1, 2020)

Classified employees - longevity premium (5 years of university service and topped out for at least 12 months) = 2.5%

Student Wages

Minimum Wage

July 1, 2019 through June 30, 2020

(Based on Standard Rate as Identified by Legislature.)

\$11.25/hr

Graduate Pay - Minimum full-time equivalent monthly salary

(Dependent upon contract negotiations)

\$3,922

Graduate Composite Rate for Health Insurance

\$600 (\$450 academic year plus 1/9 summer \$150 - FY19 rates)

Graduate Fee Remissions

Base tuition - 12 credits - resident (increase 2% over FY19)

\$4,269

Actual costs vary by program. Please refer to approved Tuition & Fees for actual costs:

University may remit the following fees pending collective bargaining:

- \$627/per term

- One-time matriculation fee - \$350

- One-time International Student Orientation Fee - \$30 (winter and spring terms) or \$50 (fall term)

PLEASE NOTE: Tuition and fees are subject to approval by the OSU President, the OSU Board and the Higher Ed Coordinating Commission

Estimated Other Payroll Expense

OPE rate for hires before 8/29/2003

41.42%

OPE rate for hires after 8/29/2003

30.64%

Blended OPE rate

33.00%

Retirement Rates

PERS - Tier1 / Tier2

33.41%

PERS - Tier3

26.95%

ORP - Tier1 / Tier2

33.20%

ORP - Tier3

15.85%

ORP - Tier4¹

8% plus up to 4% match of 403(b)

¹ New employees who are hired after July 1, 2014 and who choose ORP, will be Tier 4.

Exceptions would be employees who were previously in the retirement system. Questions? Contact Employee Benefits.

Other OPE Percentage rates – 8.08%

Annual PEBB Estimate \$16,845

For more detailed information, see

<http://fa.oregonstate.edu/budget/budget-development-resources>

Assessments (fee funded units)

-General Admin Overhead Charge (28204)

3% of prior FY expenditures

-Business Center Assessment

Increase 5%

-Designated Operations

8.0%

Volatility

Medium

Medium

Medium

Low

Medium

[OSU Tuition & Fees](#)

Medium

Low

Low

Medium

Medium

Medium

Medium

Medium

Low

Medium

Board of Trustees

- Quarterly
- Compile data
 - 1 week turn around
- Financial Accounting & Analysis Review
- Controller Reviews
- CFO Reviews
- Board Reviews

FY2019 Q3 Operating Management Report

BACKGROUND

Oregon State University's Fiscal Year 2019 Third Quarter (Q3) Operating Management Report presents the first nine months of operating results for the three operating fund groups: Education and General, Self-Support, and Restricted funds. The quarterly management report is a summary-level report that compares:

- Year-to-date actual activity relative to the projected total for the year to the same relationship in prior years or to expected current year totals to provide early warning of unexpected operating trends; and
- The current quarter projection for the year to the prior quarter projection to highlight changes in expected annual results.

The percentage of year-to-date actual revenue and expenditures as compared to the total projected annual amounts is calculated to help ensure that the Board and management have an early warning regarding unanticipated operating trends in the major categories. This percentage is called the *realization rate* for revenues and the *burn rate* for expenditures. The next step is to compare the current year realization/burn rate to the seven-year average of prior years' actual rates. The seven-year average is used to smooth out one-time operating changes. This method has proven successful in identifying when the current year actual results are not tracking as expected, allowing management to make any necessary budgetary changes to address unanticipated results.

The low standard deviation of the actual year-to-date results for each quarter over the past seven years provides support for the predictive value of the data. The standard deviation, coupled with the materiality of the amounts, provides the basis for OSU's established tolerance ranges, within which the actual results should track. If the actual year-to-date amounts fall outside the established tolerances, the data is flagged for further analysis.

This approach is applied with the following tolerances of plus or minus:

Tuition & Resource Fees, net of waivers	2%
Enrollment Fees	2%
Sales & Services	5%
Other revenue	7%
Federal restricted	5%
State restricted	7%
Other restricted	6%
Personnel Services	2%
Supplies & Services & Capital Outlay	5%

Board of Trustees Process

Education and General
&
SWPS

Self Support Funds

Restricted

Oregon State University
Quarterly Operating Management Report
(Unaudited, for management purposes only)

As of March 31, 2019
For the Fiscal Year Ended June 30, 2019

(in thousands except enrollment)

EDUCATION & GENERAL

State General Fund	\$175,326	82%	84%	\$199,262	\$207,782	\$207,782	\$5,213	212,995	\$0	
Tuition & Resource Fees, net of Waivers	374,478	98%	99%	367,279	394,787	385,716	(12,725)	382,062	(1,373)	
Other	62,663	62%	62%	100,404	99,331	99,331	2,286	101,617	1,160	
Total Revenues	612,467			666,945	701,900	692,829	(5,226)	696,674	(213)	
Personnel Services	(388,311)	74%	73%	(503,433)	(533,038)	(533,038)	7,026	(526,012)	2,290	
Supplies & Services & Capital Outlay	(99,837)	65%	67%	(138,982)	(156,982)	(156,982)	2,930	(154,052)	5,690	
Total Expenditures	(488,148)			(642,415)	(690,020)	(690,020)	9,956	(680,064)	7,980	
Net from Operations	124,319			24,530	11,880	2,809	4,730	16,610	7,767	
Transfers In	8,101	84%	80%	3,339	4,662	4,682	4,978	9,640	81	
Transfers Out	(22,231)	81%	75%	(24,466)	(21,666)	(23,664)	(5,703)	(27,369)	(5,784)	
Fund Additions/(Deductions)	0			0	0	0	0	0	0	
Change in Unrestricted Net Assets	110,189			3,403	(5,124)	(16,173)	4,005	(1,119)	2,064	
Beginning Unrestricted Net Assets	97,933			94,530	97,933	97,933	0	97,933	0	
Ending Unrestricted Net Assets	\$208,122			\$97,933	\$92,809	\$81,760	\$4,005	\$96,814	\$2,064	
% Operating Revenues				14.7%	13.2%	11.8%		13.9%		
Student FTE Enrollment-YTD Summer thru Winter terms only	19,995	70%	71%	27,813	28,547	28,044	(503)	28,044	0	

	YTD Actual			Budget & YE Projection						Notes
	A YTD	B YTD as a % of Projected	C Prior 7 yr. avg. YTD %	6/30/2018 Prior Yr. Actual	D Budget	E Adjusted Budget 6/30/2019	F Projected Variance from Budget	G YE Projected 6/30/2019	Chg from prior qtr. projection	
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Transfer Process in Board Reports

- Fund type reporting
- Intra Funds
 - Within E&G, Self Supports, or Restricted
- Inter Funds
 - Between E&G, Self Supports or Restricted
- Information we NEED
 - Review every transfer that has occurred
- Matching transfer information (E&G to Aux AND Aux from E&G)

Transfers

OREGON STATE UNIVERSITY
Transfers schedule
(in \$000's)

As of December 31, 2018
For the Fiscal Year Ended June 30, 2019

	E&G	Self-Support		Plant fund	Restricted	Other	Total
		Auxiliary	Designated Operations & Service Departments				
Transfers In - E&G		\$3,367	\$4,937 (d)	\$1,135	\$120		\$ 9,559
Transfers Out - E&G		7,363 (a)	1,296 (b)	12,819 (c)	107	-	21,585
Transfers In - Auxiliary	\$7,363 (a)			370		-	7,733
Transfers Out - Auxiliary	3,367			11,839 (c)		225	15,431
Transfers In - Designated Operations & Service Departments	1,296 (b)					-	1,296
Transfers Out - Designated Operations & Service Departments	4,937 (d)					0	4,937
Transfers In - Restricted	107					-	107
Transfers Out - Restricted	120			6,000 (c)		-	6,120

(a) mainly support for athletics-\$7.3M

(b) subsidies from E&G for supporting Designated Operations and Service Departments

(c) transfers to plant fund for remodels and space renovations

(d) mainly transfer of royalties to E&G

Variations

- Materiality
- Level of detail needed in write-up
- Be prepared to answer variance explanations even not directly material
 - Why?

Tuition & Resource Fees, net of waivers	2%
Enrollment Fees	2%
Sales & Services	5%
Other revenue	7%
Federal restricted	5%
State restricted	7%
Other restricted	6%
Personnel Services	2%
Supplies & Services & Capital Outlay	5%

Variiances

Oregon State University
Quarterly Operating Management Report
(Unaudited, for management purposes only)

As of December 31, 2018
For the Fiscal Year Ended June 30, 2019

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2018	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2019	Projected Variance from Budget	YE Projected 6/30/2019	Chg from prior qtr. projection	
(in thousands)										
SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments										
Enrollment Fees	\$25,742	65%	65%	\$39,093	\$41,675	\$39,939	(\$1,950)	39,725	(\$214)	
Sales & Services	68,527	41%	41%	161,623	163,571	164,082	3,594	167,165	3,083	(1)
Other	19,460	47%	42%	39,662	37,777	41,002	3,505	41,282	280	
Total Revenues	113,729			240,378	243,023	245,023	5,149	248,172	3,149	
Personnel Services	(57,663)	48%	48%	(117,183)	(121,152)	(121,317)	1,070	(120,082)	1,235	
Supplies & Services & Capital Outlay	(63,201)	53%	48%	(121,206)	(114,973)	(118,343)	(4,988)	(119,961)	(1,618)	
Total Expenditures	(120,864)			(238,389)	(236,125)	(239,660)	(3,918)	(240,043)	(383)	
Net from Operations	(7,135)			1,989	6,898	5,363	1,231	8,129	2,766	
Transfers In	986	11%	13%	11,169	9,216	8,714	(187)	9,029	315	
Transfers Out	(13,786)	68%	60%	(13,509)	(17,897)	(19,164)	(2,471)	(20,368)	(1,204)	
Additions/(Deductions) to Unrestricted Net Assets	(473)			(6,648)	(7,887)	(7,881)	31	(7,856)	25	
Change in Unrestricted Net Assets	(20,408)			(6,999)	(9,670)	(12,968)	(1,396)	(11,066)	1,902	
Beginning Unrestricted Net Assets	35,372			42,371	35,372	35,372	0	35,372	0	
Ending Unrestricted Net Assets	\$14,964			\$35,372	\$25,702	\$22,404	(\$1,396)	\$24,306	\$1,902	
% of Operating Revenues				14.7%	10.6%	9.1%		9.8%		
Total Unrestricted Net Assets				\$133,305	\$118,511	\$104,164		\$119,056		
Days of Expenditures in Total Unrestricted Funds				55	47	41		47		

This gray highlighting shows where a variance explanation is required

(1) The \$3.1M change in projection is primarily due to \$1.2M increase for a new testing contract within Civil & Construction Engineering, \$0.5M increase in PACE registrations, \$0.5M increase in Meningococcal B vaccine and \$0.4M increase in conference services.

Variiances

SELF-SUPPORT FUND

For the fiscal year, the Self-Support Fund revenues are projected to total \$248.2M, expenditures are expected to total \$240.0M, and transfers in and transfers out are projected to be \$9.0M and \$20.4M, respectively. Deductions from unrestricted net assets, primarily representing debt principal payments and purchases of fixed assets, are expected to total \$7.9M. Unrestricted net assets are projected to decrease \$11.1M to total \$24.3M at year's end.

For Self-Support funds, the following items are of note:

Sales & Services

The \$3.1M change in projection is primarily due to a \$1.2M increase for a new testing contract within Civil & Construction Engineering, a \$0.5M increase in Professional and Continuing Education (PACE) registrations, a \$0.5M increase in Meningococcal B vaccine to address higher demand for the vaccination in late 2018, and a \$0.4M increase in conference services.

Variations

Sales & Services		
1,121,937	Student Health	Variance due to premium rate increase increase and Men B Revenue. AABC adjusted in Q2 for the health variance. The medical income figures were what was estimated by the department at the time and confirmed in Q3. It was the best to their knowledge at the time. AABC also thinks it has to do with ccare.
(2,663,467)	Network Services	In Q3, projection was increased 2.6 million for Statewide Fiber Optic. The revenue in Q4 was reversed as sale and was booked as deferred revenue.
(460,692)	Svc Ctr-QCS Lasells	Per conversations with Donna and Tina in Conference Services – Quarterly projections for outside revenue are based on events booked at the time of projections and the associated registration income estimate while also taking into account historical trends. It is more difficult to project the outside clients and revenues due to the volatility of the market.
322,493	Svc Ctr-Printing & Mailing	Based off our knowledge of the group, part of the difference is between classifying internal versus external revenue sources (\$127,344) and the remaining amount is due to an increase in external sales of \$195,150. P&M responded that beyond the change in Alumni jobs, it is hard for them to predict what their clients will be ordering, the projection was their best estimate at the time.
704,542	Des Ops-INTO	The Sales & Services revenue projection was copied under Other Revenue in error. The revenue went to Sales & Services revenue causing a variance in both Sales & Services revenue and Other revenue.
(334,558)	Des Ops-XEC	Decided to go ahead with the revenue share so that PACE would not start the new FY19 under O&E with a significant deficit. The revenue share we gave to COB was \$269,329 which we did not anticipate in our 3rd quarter projection. This makes up a majority of the \$334,559 decrease in sales and services revenue. When UABC give shares to the colleges, they JV the revenue to their index. So their revenue is decreased by the COB shared.
(485,228)	Des Ops-ZSS	USSE was short \$485k in S&S due to payments to WOU, OIT and EOU for \$185k each. They went to the cloud and were credited back some of their charges for the year.
660,213	Roaylty-RDR	Offc Commercial & Corp Development did not budget \$675k in Other Revenue (missed budget item).
(243,682)	Misc Others	
(1,378,442)		

Questions?

