

## Oregon State University Budget Primer



Office of Budget and Fiscal Planning

## Funds<sup>1</sup>

OSU organizes its finances using fund accounting. Fund accounting is a method of separating resources into categories according to funding sources and restrictions placed on their use by external agencies or donors. Resources are separated into funds and fund groups. Each fund and fund group is a self-balancing, separate entity that has assets, liabilities and a fund balance. There are separate accounts in each fund or fund group to be sure any limitations and restrictions of resources are followed.

There are three major operating funds (there are some other funds for things like construction projects):

- **Education and General (E&G) funds:** These come from state appropriations (designated amounts of the State's General Fund, which comes largely from tax revenues), tuition and fees, and a few other sources. These funds support the University's major academic missions by investing in faculty salaries, classrooms, laboratories, the library, etc. There are three major operations within Education and General funds, which are largely kept separate (Tables 1 and 2):
  - *OSU-Corvallis E&G:* This is the operational fund for the Corvallis campus covering most of the management, business, and administrative functions of the university. It includes Ecampus, summer session, and the Hatfield Marine Science Center, as well as some operations in Portland (like Pharmacy's joint program with OHSU). This fund is comprised of about 22% state funds, 66% tuition, and the balance from other funds.
  - *OSU-Cascades E&G:* This is the operating fund for the campus in Bend. The state funds about 40% of the costs here.
  - *Statewide Public Services (SWPS):* The SWPS's provide outreach, service, and research to organizations and individuals across the state. They are funded principally by state, federal, and county governments. They include the Agricultural Experiment Station (AES), the Extension Service (Extension), and the Forest Research Laboratory (FRL). Faculty in the SWPS do supervise students but these funds do not normally support formal instruction. 68% of these funds are from the state; tuition does not support operations here.
- **Self-Support Funds:** These funds support operations that charge fees for services and use the income to support their business-type activities. The largest are Housing and Dining Services, Athletics, and the Memorial Union, but there are many other self-support operations.

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<sup>1</sup> This primer is intended to provide an overview of the OSU budget, define some commonly used terms, and help answer common questions about the budget. Questions, suggestions for content, or corrections can be sent to [Sherman.Bloomer@oregonstate.edu](mailto:Sherman.Bloomer@oregonstate.edu).

**Table 1:** Major revenues and expenditures for the three operating funds in the FY2018 budget.

<b>2017-18 Operating Budget</b>				
(in thousands)	<b>E&amp;G 2018 Budget</b>	<b>Self Support 2018 Budget</b>	<b>Restricted 2018 Budget</b>	<b>Total 2018 Budget</b>
State General Fund	\$173,862			\$173,862
Governmental Grants				0
Federal			221,702	221,702
State			22,035	22,035
Tuition & Resource Fees, net of Waivers	380,386			380,386
Enrollment Fees		39,616		39,616
Sales & Services		158,298		158,298
Other	90,818	36,711	94,310	221,839
<b>Total Revenues</b>	<b>645,066</b>	<b>234,625</b>	<b>338,047</b>	<b>1,217,738</b>
Personnel Services	(500,603)	(118,566)	(135,219)	(754,388)
Supplies & Services & Capital Outlay	(131,937)	(116,190)	(203,167)	(451,294)
<b>Total Expenditures</b>	<b>(632,540)</b>	<b>(234,756)</b>	<b>(338,386)</b>	<b>(1,205,682)</b>
<b>Net from Operations</b>	<b>12,526</b>	<b>(131)</b>	<b>(339)</b>	<b>12,056</b>
Transfers In	1,762	6,668	365	8,795
Transfers Out	(14,233)	(6,341)	(1,136)	(21,710)
Fund Additions/(Deductions)	0	(4,590)	0	(4,590)
Change in Unrestricted Net Assets	55	(4,394)	(1,110)	(5,449)
<b>Beginning Unrestricted Net Assets</b>	<b>80,593</b>	<b>35,935</b>	<b>10,216</b>	<b>126,744</b>
<b>Ending Unrestricted Net Assets</b>	<b>\$80,648</b>	<b>\$31,541</b>	<b>\$9,106</b>	<b>\$121,295</b>
% Operating Revenues	12.5%	13.4%	2.7%	10.0%

**E&G**—EDUCATION & GENERAL (Corvallis, Cascades, Statewide Public Services)

**SELF-SUPPORT** - Auxiliaries, Designated Operations and Service Departments

**RESTRICTED FUNDS** - Grants, contracts, gifts

Table 2: Revenues and Expenses for Corvallis Education and General Budgets for 2017-18 (this is the Board approved budget, before the larger state appropriation that was approved in July).

<b>FY18 Budget Request to Board</b>							
<b>E&amp;G</b>							
<b>Projections</b>	<b>E&amp;G-Corvallis</b>	<b>E&amp;G-Cascades</b>	<b>Agricultural Experiment Station</b>	<b>Extension Service</b>	<b>Forest Research Laboratory</b>	<b>Adjustments</b>	<b>Totals</b>
State Appropriation	107,629,722	5,975,186	30,929,322	24,344,755	4,983,000		173,861,985
Net Tuition & Resource Fees	371,297,237	9,088,694	-	-	-		380,385,931
Other Revenue	62,596,000	107,025	6,135,898	17,266,019	4,713,000		90,817,942
<b>Total Revenues</b>	<b>541,522,959</b>	<b>15,170,905</b>	<b>37,065,220</b>	<b>41,610,774</b>	<b>9,696,000</b>		<b>645,065,858</b>
Personal Services	415,566,192	13,096,563	30,164,485	32,975,500	8,800,000		500,602,740
Supplies & Services	127,432,305	4,007,348	9,628,284	8,175,500	1,500,000		150,743,437
Capital Outlay	6,150,000	9,492	723,663	120,000	100,000		7,103,155
Student Aid	900,000	-	-	-	-		900,000
Internal Sales	(24,500,000)	-	(685,082)	(125,000)	(1,500,000)		(26,810,082)
<b>Total Expenses</b>	<b>525,548,497</b>	<b>17,113,403</b>	<b>39,831,350</b>	<b>41,146,000</b>	<b>8,900,000</b>	<b>-</b>	<b>632,539,250</b>
<b>Net Operating Gain (Loss)</b>	<b>15,974,462</b>	<b>(1,942,498)</b>	<b>(2,766,130)</b>	<b>464,774</b>	<b>796,000</b>		<b>12,526,608</b>
Transfers In	1,762,071	40,000	2,417,475	793,616	705,189	(3,956,280)	1,762,071
Transfers Out	(17,948,983)	-	(200,000)	-	-	3,916,280	(14,232,703)
<b>Change in Fund Balance</b>	<b>(212,450)</b>	<b>(1,902,498)</b>	<b>(548,655)</b>	<b>1,258,390</b>	<b>1,501,189</b>	<b>(40,000)</b>	<b>55,976</b>
Beg Est Fund Balance-FY17 3rd Qtr Est	66,710,230	2,225,797	3,256,933	5,669,121	2,734,203		80,596,284
<b>FY16 Estimated Ending Fund Balance</b>	<b>66,497,780</b>	<b>323,299</b>	<b>2,708,278</b>	<b>6,927,511</b>	<b>4,235,392</b>	<b>(40,000)</b>	<b>80,652,260</b>
	12.3%	2.1%	7.3%	16.6%	43.7%		12.5%

- **Restricted Funds:** These are funds provided to the university for very specific purposes, mostly from state or federal governments and private gifts. These include research grants to faculty, Pell Grants, Oregon Opportunity Grants, and gifts that are given to the Oregon State University Foundation and then passed on to be spent in support of the donor's intention. Restricted funds impact the Education and General Funds as research grants pay some of the overhead costs associated with the research work (for lab space, library, accounting, etc.) and scholarship funds in part are paid as tuition to the university.

### Fiscal Years and Academic Years

The University (and the State of Oregon) operates on a fiscal year that runs from July 1<sup>st</sup> through June 30<sup>th</sup>. The State budgets on a biennial basis (two years at a time). Legislative sessions beginning in February of odd numbered years set state budgets that run from July of that odd numbered year to the end of June in the next odd numbered year.

Academic years are the three quarters of instruction (fall, winter, spring) from mid-September through mid-June. Academic years are defined by the academic calendar and have an impact on the management of Federal financial aid administration.

These years cross over calendar years, and are usually named for the last year in the cycle. So the academic year 2016-17 runs from fall 2016 through spring 2017 and might be abbreviated as AY17 or AY2017. The fiscal year that runs from July 1, 2016 through June 30, 2017, might be referred to as FY17 or FY2017.

A biennium funded by the state is often referred to by the two odd numbered years. So the state's 15-17 (2015-2017) biennial budget is for July, 2015 through June, 2017 or FY2016 and FY2017.

### Education and General Revenues and Expenses

The Education and General Funds support most of the academic operations of the university and almost all instruction, so the focus of most of the rest of this primer is on those E&G funds. There are a lot of definitions and acronyms in the revenue and expense side of the budget. Table 1 includes a worksheet that shows the major categories of revenues and expenses used in building an E&G budget.

### **Revenue categories:**

Table 3 shows the major revenue categories for the Corvallis E&G budget.

- The state appropriations include both general appropriations (from what is called the *Public University Support Fund*) which can be used for any purpose to support OSU's mission and earmarked appropriations (dollars that are required to be used for specific purposes, usually research or public service work).

Table 3: Revenues for the 2017-18 Corvallis Education and General operating budget.

<b>Corvallis Budget</b>	<b>Education and General 2017-18</b>	
<b>Revenues:</b>		
State appropriations, general	\$	99,253,460
State appropriations, earmarked	\$	19,045,726
Tuition	\$	398,994,993
Student fees	\$	11,436,787
Financial aid	\$	(38,496,686)
F&A cost recovery	\$	39,552,000
Sales and Services	\$	17,741,817
Other	\$	5,483,862
	\$	553,011,959

Table 4: Detail of tuition and fee revenues including institutional financial aid (sometimes called tuition waivers or fee remissions)

**EDUCATION & GENERAL****Tuition & Fees Estimate**

FY18

	<u>CORVALLIS</u>	<u>CASCADES</u>	<u>TOTAL</u>
Resident undergraduate	111,223,970	5,385,141	116,609,111
Nonresident graduate	118,235,821	802,078	119,037,899
Resident graduate	27,351,306	1,756,987	29,108,293
Nonresident graduate	16,704,543	780,918	17,485,461
Vet Med	7,026,949		7,026,949
Pharmacy	9,711,241		9,711,241
Ecampus	96,230,763		96,230,763
Summer	11,377,900	972,075	12,349,975
Miscellaneous	1,132,500	75,000	1,207,500
Resource Fees	3,226,977	165,900	3,392,877
Student Fees	7,922,705	127,814	8,050,519
Fee Remissions	(38,847,438)	(977,220)	(39,824,658)
	<u>371,297,237</u>	<u>9,088,693</u>	<u>380,385,930</u>

- Tuition includes the gross revenues from all categories of students (undergraduate, graduate, Ecampus, etc.) and all types of tuition (base tuition and differential tuition. Table 4 shows the breakdown of tuition revenues by category.
- Student fees include those set by the University (the matriculation fee for examples) and the incidental fee recommended by students through ASOSU.
- Financial aid included here is the university-paid financial aid that offsets some tuition expenses, principally for undergraduates. There is also financial aid from Federal and State government sources (about \$39M) and privately funded scholarships (about \$50M).
- F&A cost recovery is the Facilities and Administrative costs paid by research grants to help cover the cost of maintaining research facilities and services. These are sometimes called overhead or indirect cost charges. These rates are negotiated with the Federal government and cover costs to support research expenses like utilities, library, research administration, and others.
- Sales and services revenues come from the sale of goods or service by individual departments or units. Chemistry, for example, runs a chemical stores shop which sells chemicals to units across campus, much of that paid by research grants.
- Other revenues are principally interest income and additional appropriations from the state to cover the costs, such as a certain kind of energy improvement loan.

### **Expense categories**

Table 5 shows the major expenditures categories for the Corvallis E&G budget in 2015-16 (nothing special about that year I just happened to have the detail handy):

#### Personnel Services (73.3% of FY16 spending):

- **Unclassified Salary and Pay:** Unclassified employees are those not represented by a collective bargaining unit (union). Salary refers to compensation for a contracted period, pay for compensation based on a per unit measure (per hour for example). These employees include many categories of people:
  - 9-month professorial faculty: Assistant, Associate and Full Professors who are on contract from September 15<sup>th</sup> through June 15<sup>th</sup> (the academic year). These employees may work in the summer, paid from summer session teaching or research grants. They have responsibilities for teaching, scholarship and research, advising, and in some cases outreach and engagement. Many are in tenured or tenure-track positions, but some principally focus on research, and may be on year-to-year appointments contingent on grant funding.
  - 12-month professorial faculty: These are Assistant, Associate, and Full Professors who are on yearlong contracts. These are more common in Agricultural Sciences, Forestry, Pharmacy, Veterinary Medicine, and for some of the research professorial appointments.

Table 5: Expenditures by category

**Corvallis E&G Expenditure Distribution**

<b>Fiscal Year 2016</b>	<b>E&amp;G</b>	<b>% of Total</b>	<b>% of Total</b>
<b>Personnel Services:</b>			
Unclassified Salaries & Pay	186,699,729	36.3%	
Unclassified OPE	81,602,886	15.9%	
Classified Salaries & Pay	35,060,233	6.8%	
Classified OPE	21,035,068	4.1%	
Student Pay	9,058,882	1.8%	
Student OPE	266,522	0.1%	
Graduate Assist Pay	19,448,964	3.8%	
Graduate Assist OPE	4,049,066	0.8%	
Graduate Fee Remissions	17,732,368	3.4%	
OPE & OTHER	2,296,298	0.4%	
Subtotal	377,250,016		73.3%
<b>Services and Supplies:</b>			
Fees & Services	23,264,505	4.5%	
Maintenance & Repairs	15,336,098	3.0%	
Utilities/Waste Disposal	10,489,358	2.0%	
Minor Equipment	8,440,421	1.6%	
Debt Service	8,772,920	1.7%	
Supplies	9,841,854	1.9%	
Subscriptions	599,666	0.1%	
Library Electronic Resources	4,720,662	0.9%	
Travel	7,329,308	1.4%	
Communications	5,887,828	1.1%	
Rentals & Lease expense	5,397,054	1.0%	
Assessments	3,285,795	0.6%	
Selling and Marketing Costs	4,488,120	0.9%	
Other	10,685,811	2.1%	
Subtotal	118,539,399		23.0%
Capital Outlay	6,504,443	1.3%	
Student Aid	1,029,345	0.2%	
Merchandise for Resale	10	0.0%	
Internal Sales	(25,685,750)		
Net Transfers	11,439,812	2.2%	
Subtotal	(6,712,139)		3.7%
Total Expenses	489,077,276		
Total Without Sales	514,763,026	100.0%	



- Professional faculty: This category includes employees in a variety of jobs both in academic colleges and in service and support units. These positions do not have professorial rank, and are not represented by a collective bargaining unit (union). These positions include:
  - Instructors: These are positions on annual (or sometimes 2 to 3 year) contracts with principal responsibilities for teaching. They can be 9- or 12-month positions.
  - Advisors: These are positions on annual contracts with principal responsibilities for student advising. They can be 9- or 12-month positions.
  - Faculty research assistants: These can be 9- or 12-month positions and are most commonly paid from grant or contract revenues to assist with specific kinds of research work.
  - Business center managers, finance and administration staff and managers, human resource employees, library positions, directors of centers, etc.---almost every other kind of non-union salaried position is a professional faculty position.
- Unclassified OPE: OPE stands for “Other Payroll Expenses” and is OSU’s terminology for benefits. These include the costs to OSU for health insurance, retirement contributions, Social Security, Worker’s Compensation, etc. OSU is required by the state to participate in the state retirement and health plans, and the state sets the contribution rates for these programs. Table 6 shows the components and cost of the components of OPE.
- Classified salary and pay: This is the category of employees who are represented by a collective bargaining unit (Service Employees International Union or SEIU) and whose job is in a classification defined by the bargaining contract. Many staff in Facilities, Business Centers, Information Services, and Finance and Administration are classified employees.
- Classified OPE: The same as for unclassified OPE, the cost of various benefits.
- Student pay and Student OPE: OSU employs thousands of students a year on a part-time basis in a variety of jobs from laboratories to housing and dining.
- Graduate Assistant Pay and OPE: OSU employs Graduate Teaching Assistants (paid mostly from Education and General funds) and Graduate Research Assistants (paid mostly from Restricted Funds or SWPS funds). These assistants work 30% to 49% of the time (always less than half-time) and are represented by a collective bargaining unit (union), CGE or the Coalition of Graduate Employees.
- Graduate Fee Remissions: One of the negotiated employment benefits that Graduate Assistants have that other employees do not is that tuition and fees are paid for them by the employing unit or fund source. This is the cost of those tuition and fee remissions to Corvallis Education and General funds.
- OPE and Other: There are small other personnel costs each year that get captured here such as pay out of accrued vacation time when someone retires, benefit adjustments, etc.

**Table 6:** Components of Other Payroll Expenses at OSU for FY17 and estimated for FY18, including the distribution of employees in the various retirement plans.

<b>Components of Benefits Costs at OSU</b>		
	FY17	FY18
<b>% of Salary Components</b>		
Social Security	6.20%	6.40%
Medicare	1.45%	1.50%
Unemployment	0.15%	0.15%
SAIF	0.28%	0.29%
Average Retirement	20.09%	23.59%
<b>Total</b>	<b>28.17%</b>	<b>31.93%</b>
<b>Fixed charge components</b>		
Health insurance	15,657.00	16,392.88
Workers Comp	34.32	35.42
Basic Life	12.00	12.38
<b>Total</b>	<b>15,703.32</b>	<b>16,440.68</b>

<b>Illustration of Costs at Different Salary Levels</b>		
	FY17	FY18
Annual 12-month Salary	Benefits as %:	Benefits as %:
\$30,000	80.5%	86.7%
\$47,000	61.6%	66.9%
\$82,000	47.3%	52.0%
\$110,000	42.4%	46.9%
	Benefits as \$:	Benefits as \$:
\$30,000	\$24,155	\$26,018
\$47,000	\$28,944	\$31,446
\$82,000	\$38,804	\$42,619
\$110,000	\$46,691	\$51,558

<b>Detailed retirement rates and distribution</b>		
Program:	Rate	Percent of active
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	match of 403(b)	5.5%

Services and Supplies (23% of expenditures)

This category covers a wide variety of costs, for things or services provided by non-OSU personnel or organizations. The major categories are broken out in Services and Supplies in Table 5 (there is detail available down to very specific account levels if there are questions).

Other Expenditures (3.7% of spending)

- **Capital Outlays:** These are purchases of equipment costing more than \$5,000. Almost all of the spending here is for equipment, as facilities projects are usually funded by the transfer of dollars to a plant fund, from which the spending is not.
- **Student Aid:** This is only a tiny part of student financial aid and includes small scholarships and awards paid from Education and General Funds. Most institutional financial aid is given as tuition waivers and shows up as a reduction in revenues (see Table 4)
- **Merchandise for resale:** As you can tell, this isn't something that happens very often!
- **Internal Sales:** This is a major category and a somewhat confusing one. This entry adjusts for the fact that units on campus pay each other to do certain kinds of work. For example, if the College of Science wants to refurbish a department office, they might pay Facilities Services for the cost of the project. Facilities would buy the paint and carpet and do the installation. Science would show the cost as an expense, but if Facilities also shows the expense for the carpet and paint it is double counted. Instead, the initial expense shows on facilities books and there is a negative offsetting expense (internal sale) to account for the payment from Science. The end result is that the department of science shows the true expense of the project. There are other ways to do this, but this is the one that OSU has used for many, many years.
- **Net transfers:** There are a variety of transfers between funds for various reasons. Corvallis Education and General transfers funds out to support Athletics, to fund plant funds for building or infrastructure renovations, to support use of some of the Service Centers, and for other reasons. Transfers into Education and General funds come from closing out plant funds, payments from royalties, and insurance claims from service centers.

What do tuition dollars support?

The Education and General budget is allocated to major units on campuses---academic colleges and large service and support units like Information Services, the Library, Student Affairs, etc. (Table 7). Deans and unit heads have substantial authority to distribute that budget across their units (schools/departments) as they best see fit to deliver their mission, but they are also accountable for operating within the budget they are allocated.

Institutional Management (IM) is the annual "savings account" for the Education and General Funds. There are some expenses that belong to the whole university and are paid from IM, such as payments on some university debt, leases for buildings, contracts with the OSU Foundation and INTO-OSU, etc. Funding for some part of repairing buildings (often called

capital renewal and repair or depreciation funding) is also budgeted here. The university usually projects salary increases for January with the cost of raises for the second half of the year budgeted in IM and later distributed to units. There are a number of categories of funds that are distributed to units during the academic year (Ecampus tuition, summer tuition, actual F&A recovery, graduate health insurance costs, etc.). Units start out with a base budget and additional funds are then distributed during the year. For FY2018, there is nearly \$19M in these reserve and “settle-up” funds that start out in Institutional Management and then later distributed (mainly Colleges) during the fiscal year.

Major units receive some budget from “dedicated funds”. These are things generated by work specific to the unit and include earmarked state appropriations, fees charged to students in the programs, sales and service revenues, and a portion of the F&A recovery (research overhead) dollars generated. These funds all come from sources other than tuition.

The balance of the budget comes from general state appropriations and student tuition (both base and differential tuition). These dollars are not tracked separately but are used together to support the various academic programs and university services. The proportion of general tuition and state dollars allocated to these areas is a rough measure of where a tuition dollar goes. Table 8 shows that distribution for the FY18 budget. The first column shows the dollar amount, the second the percentage share (or cents on a dollar if you prefer). The third column shows the percentages after those central reserve funds in Institutional Management are passed out to units. Overall, about 64% of tuition goes to academic programs and the library, 30% to service, support, and management units, and 6% to central costs. The division of service, support, and management units by type of function is noted at the bottom of Table 8.

Table 7: FY18 Education and General budget allocations to units by type of revenue.

<b>Budget Unit</b>	<b>Tuition, State general, Other</b>	<b>Fees, Sales, Service</b>	<b>F&amp;A Recovery</b>	<b>State Earmarked</b>	<b>Total Distribution</b>
Institutional Management:	52,504,215	3,450,000	4,375,434	-	60,329,649
<b>Instruction &amp; Research</b>					
Agricultural Sciences	20,473,486	406,000	1,900,000	1,380,592	24,160,078
Business	20,082,525	225,000	2,800	152,097	20,462,422
Engineering	50,356,700	1,431,500	2,400,000	7,118,407	61,306,607
Forestry	6,138,802	538,000	500,000	2,178,798	9,355,600
Public Health & Human Sciences	18,232,315	1,195,000	900,000	112,879	20,440,194
Education	4,715,774	75,008	15,786	-	4,806,568
Liberal Arts	44,086,922	1,375,000	99,500	332,709	45,894,131
Earth, Oceanic & Atmospheric Scienc	11,088,739	208,000	2,900,000	635,256	14,831,995
Pharmacy	11,104,033	335,000	200,000	1,098,365	12,737,398
Science	39,092,604	1,315,000	780,000	226,197	41,413,801
Veterinary Medicine	11,489,894	8,327,772	125,000	4,966,751	24,909,417
Summer Session	543,366	-	-	-	543,366
University Honors College	2,824,464	15,500	-	-	2,839,964
Extended Campus	18,786,975	-	-	-	18,786,975
Research Equipment Reserve	-	-	3,296,000	-	3,296,000
International Programs	1,881,060	2,824,950	-	-	4,706,010
University Libraries	11,732,399	122,600	2,566,760	158,202	14,579,961
Research (Centers / Institutes / Progr	5,918,614	882,685	3,937,720	615,025	11,354,044
Graduate School Interdisciplinary Pro	833,083	-	-	-	833,083
<b>Instruction &amp; Research Total</b>	<b>279,381,755</b>	<b>19,277,015</b>	<b>19,623,566</b>	<b>18,975,278</b>	<b>337,257,614</b>
<b>Service, Support, &amp; Management</b>					
Office of the President	8,383,602	-	-	-	8,383,602
University Relations & Marketing	4,015,061	-	-	-	4,015,061
Provost	777,386	-	663,320	-	1,440,706
Provost - Pass-through	8,448,710	-	-	-	8,448,710
Enrollment Management	6,575,818	3,149,052	-	-	9,724,870
Undergraduate Studies	4,969,049	31,000	-	-	5,000,049
Academic Affairs	3,633,184	10,000	-	-	3,643,184
Information Services	17,922,900	26,600	1,825,160	-	19,774,660
Graduate School Administration	3,449,011	1,058,175	-	-	4,507,186
Outreach & Engagement	1,522,413	-	-	-	1,522,413
Research Administration	4,815,919	-	2,764,520	-	7,580,439
Student Affairs	6,529,717	1,105,762	-	70,448	7,705,927
University Business Centers	12,025,835	-	-	-	12,025,835
Finance and Administration	24,189,960	371,000	964,080	-	25,525,040
University Infrastructure & Ops	13,204,255	-	4,721,520	-	17,925,775
Enterprise Risk Services	3,418,422	40,000	-	-	3,458,422
Capital Planning & Development	1,743,663	-	626,240	-	2,369,903
Energy Operations	8,324,754	60,000	3,988,160	-	12,372,914
<b>Service, Support, and Management Total</b>	<b>133,949,659</b>	<b>5,851,589</b>	<b>15,553,000</b>	<b>70,448</b>	<b>155,424,696</b>
<b>Total Educational and General Bu</b>	<b>465,835,629</b>	<b>28,578,604</b>	<b>39,552,000</b>	<b>19,045,726</b>	<b>553,011,959</b>
	84.2%	5.2%	7.2%	3.4%	

**Table 8:** Distribution of general state appropriation and net tuition dollars by major unit by dollar amounts and percentage shares.

		Tuition and General State Dollars	Share	Share with Reserves Distribute	Shares Grouped
Academic Programs	Academic Colleges	239,686,258	51.45%	56.00%	
	Ecampus and Summer Session	19,330,341	4.15%	4.19%	61.65%
	Centers and Institutes	5,918,614	1.27%	1.28%	
	Interdisciplinary Programs	833,083	0.18%	0.18%	
	University Libraries	11,732,399	2.52%	2.54%	2.54%
	Research Equipment Reserve	-			
	Executive Offices	9,160,988	1.97%	1.98%	
	Outreach and Engagement	1,522,413	0.33%	0.33%	
	Student and Faculty Support	21,707,768	4.66%	4.86%	
	Academic Support	28,068,890	6.03%	6.46%	29.95%
	Facilities and Plant Operations	23,272,672	5.00%	5.04%	
	Business Services	43,649,278	9.37%	9.46%	
	Provost's Passthrough Funding	8,448,710	1.81%	1.81%	
<b>Institutional Management:</b>					
	Capital renewal, depreciation	5,000,000	1.07%	1.07%	
	Debt service	7,720,484	1.66%	1.66%	5.86%
	Outside contracts	14,588,420	3.13%	3.13%	
	Reserves for colleges	18,970,311	4.07%		
	Salary increase	3,725,000	0.80%		
	Student Success funding	2,500,000	0.54%		
<b>Total:</b>		<b>465,835,629</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Academic Support:** International Programs, Information Services, Graduate School, Research Office

**Student and Faculty Support** : Enrollment Management, Undergraduate Studies, Academic Affairs, Student Affairs

**Facilities and Plant Operations** : Facilities services, capital planning, energy operations

**Executive Offices:** President and Provost

**Business Operations** : Finance and Administration, Business Centers, University Relations and Marketing, Risk Management

**Provost's Passthrough** : Faculty Senate, Athletics, Faculty Diversity, Graduation, others.

### What are administrative costs?

There are many conversations about the size and growth of administrative costs at the university. Often administrative costs are assumed to be, *everything that happens outside of academic units* (colleges, centers, and the library for example). However, as the notes at the bottom of Table 8 show, those costs include many direct student and faculty services as well as business services and facilities operations.

It would be useful for the conversations if the University Budget Committee and the Student Budget Advisory Council considered some definitions of costs by functional categories.

### What about the audited financial statements?

OSU's financial situation is audited each year, published and linked to the Business Affairs web site (<http://fa.oregonstate.edu/business-affairs/annual-financial-reports-audited>). The audited financial statements have sometimes been used to assess the financial health and operations of the university by third parties. However, without a careful understanding of the financial statements it is easy to come to inaccurate conclusions.

This is in part because of the definitions for how various revenues, expenses, and assets are documented and in part because the financial statements look at the total picture---both operating and non-operating revenues and expenses, , assets, liabilities, cash flow, and the notes. This requires that the meaning of each category in the statements is carefully understood in drawing conclusions about operations of a particular fund.

An example is expenditures on instruction (a functional category reported in the audited financial statements). A large part of this expense is the payroll (salary and benefits) paid to people coded with instruction as all or part of their duties. Within the E&G budgets, this is typically measured by the actual expenditures. However, in the financial statements, the amount spent on instruction also includes any changes in liability or assets for the pension obligations OSU has to those people doing instruction. If the liability grows, the amount attributed to instruction grows. However, if the liability decreases the amount spent on instruction might decrease, even if the actual dollars spent on salaries and benefits for instruction increased. This in fact happened from 2014 to 2015.