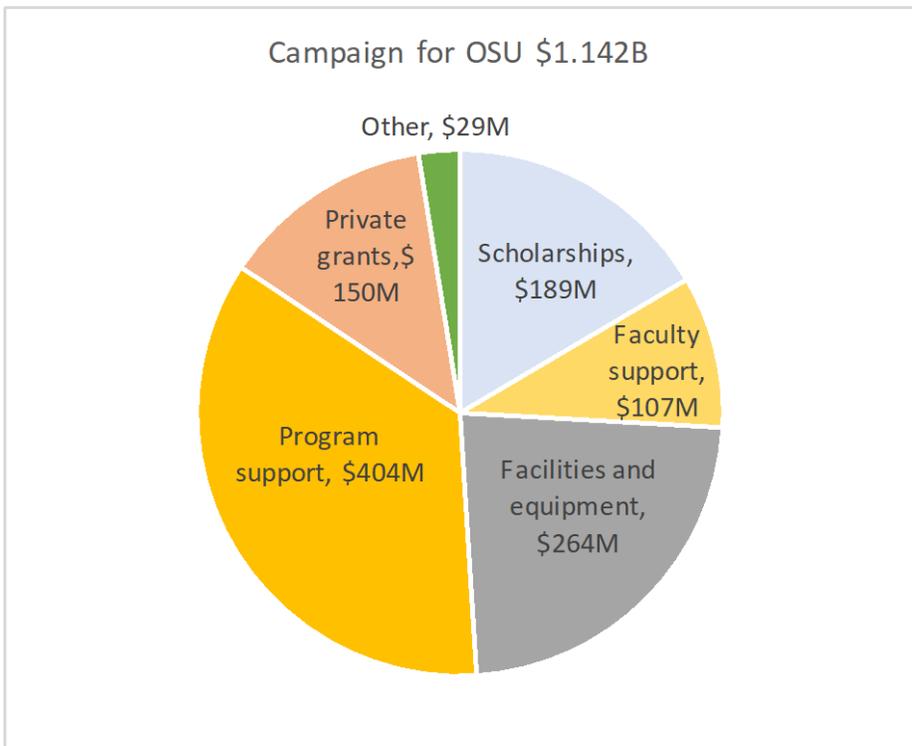


The OSU Foundation’s missions says “We partner with Oregon State University to engage our community, inspire investment, and steward resources to enhance the university’s excellence and impact.”

The Foundation’s website (<https://www.osufoundation.org>) says:

“The OSU Foundation is a 501(c)(3) nonprofit organization incorporated in 1947 and governed by a 42-person Board of Trustees. On December 31, 2014, the Foundation concluded The Campaign for OSU, the university’s first comprehensive fundraising campaign, in which more than 106,000 donors made gifts exceeding \$1.1 billion to advance university priorities. The powerful momentum generated by their support has fueled Oregon State’s rise as an internationally recognized public research university. Fundraising efforts are now focused on targeted special initiatives that advance OSU’s strategic plan for creating transformative student learning experiences and building on its greatest strengths and areas of greatest potential impact, such as marine studies and advanced wood products. The Foundation works with university partners to:

- Raise funds in excess of \$100 million per year that support the university’s priorities
- Cultivate and steward a culture of philanthropy for the Oregon State community
- Manage an endowment of more than \$500 million
- Engage alumni in service to the university”



The Campaign for OSU raised money for a variety of purposes (chart at left). The funds raised had a somewhat larger proportion of facilities support than is typical for a campaign. Some of these funds were for endowments, but many of them were “current use” gifts--- funds that are to be used over some period of time for a particular purpose. The campaign ended on December 31, 2014 and included gifts from more than 106,000 donors.

The priorities for a campaign come from two important assessments. The first is identifying the priorities for the university starting from the university’s strategic plan and

college plans to advance that strategy. The other is an assessment by the Foundation of which needs might generate interest from donors. Donors give to things that have meaning for them and something can be a critical need for the university but not resonate with donors.

The goal for a campaign comes from an assessment of the capacity in the donor community. Raising \$10M could come from one \$10M gift, ten \$1M gifts, or one thousand gifts of \$10,000. Understanding how many potential donors there are is an important part of planning, as well as recognizing that it takes several donors and many visits to realize a major gift at any level.

The Foundation raises funds in support of the university but also invests the endowment resources that donors have created over the years (currently at about \$622.5M). The one-year annualized endowment return was 5.95%, the five-year annualized return was 5.37% and the ten-year annualized return was 7.8%. Endowments payout 4% of the principal value to support whatever purpose the donor designated (so a \$1M endowment provides \$40,000 a year to spend). 2018-19 saw \$144.6M in gifts of various kinds (pledges, cash, planned gifts, etc.). The Foundation covers its costs of operations from several sources:

- 5% fee on gifts capped at \$100,000 per gift
- 1.5% endowment fee (the investment earnings after this and the 4% payout go back to grow the principal of the endowment)
- 15% fee on gifts under \$2,500
- Direct support from the university, currently at \$10M

The Foundation has audited financial statements

(<https://www.osufoundation.org/s/359/foundation/index.aspx?sid=359&gid=34&pgid=4400>) that provide an overview of the operations.

The Foundation's expenses for the year ending June 30, 2020 included:

- \$86.8M in direct support (without donor restrictions) for the University
 - \$12.3M in scholarships to 4,228
 - \$39.1M for capital programs
 - \$17.9M for instruction and research support
 - \$15.8M for other program support
 - \$1.7M for development support
- \$18.3M in development expenses
- \$13.9M in management and general expenses

One of the common questions about the Foundation is why the university can't use the funds from the campaign to fill the budget gap between expense growth and revenue growth. The financial statements show the principal reason. Of the net assets of the Foundation (\$664.1M) at the end of FY20 there were:

- \$29.9M in net assets without donor restrictions
- \$634.2M in net assets with donor restrictions

This means that 96% of the assets in the Foundation are restricted in one way or another and cannot be used for general university operations. The funds raised and managed by the Foundation are a critical resource for the university in providing scholarships for students, improving facilities and equipment, and providing supplemental support for faculty positions that helps recruit and retain talented scholars and teachers to OSU. Those funds do not generally support normal operating expenses for the university and do not provide a backstop for reductions in state funding or shortfalls in tuition revenue because of enrollment.

Intercollegiate Athletics at OSU

Intercollegiate athletics is an important part of OSU’s operations and makes a major contribution to our students, the university, and the community. A working group that reviewed the current operations of athletics noted:

- Membership in the PAC-12 enhances OSU’s academic reputation, has a positive impact on recruiting undergraduates, and affords us national visibility we would not have otherwise.
- Athletic events provide an opportunity for student athletes and other students (band, trainers, and student workers) to develop as individuals outside the classroom. They also provide many students a point of common participation, a sense of community, and can be a focus of engagement outside of the classroom.
- Annual spending by visitors to Corvallis for athletics events has a large impact on the local economy. Expenditures in the Corvallis community (food, parking, and lodging) by visitors and activities for athletic events is estimated at \$31-36M.

Table 1: Some characteristics of OSU student athletes

	Athletics	OSU Spring FY19
Total Students (undergrad)	418	14623
% receiving aid*	64%	69%
% non-residents	68%	29%
% international	8%	10%
% female	43%	46%
% US minorities	39%	28%
GPA for men	2.80	3.14^
GPA for women	3.24	3.26^
GPA for all**	2.98	3.21^

*257 scholarships total, some used as partial aid

**11 of 17 teams had team GPAs \geq 3.0 in 2014

^GPA for 2014 Bachelor's graduates

Table 2. Where’s money come from and how is it used--are we a lot different than comparable places? Comparisons of revenue sources and expenditure categories for FY18 between OSU and other Pac-12 institutions and other FBS (Football Bowl Subdivision) schools which include everyone from Alabama to Air Force, Akron, Ball State, Rice, and Miami (OH).

Fiscal Year 2017-18

	Total Revenues	Tickets	Gifts	NCAA/ Conference	Media Rights	Licensing, etc.	Other
OSU	80,712,000	14.1%	12.6%	15.6%	26.4%	9.5%	21.7%
Pac-12	104,752,244	15.2%	18.6%	10.6%	21.5%	9.9%	24.2%
FBS	79,308,424	11.5%	12.2%	8.3%	3.1%	6.4%	58.4%

	Total Expenses	Admin Staff	Asst Coaches	Head Coaches	Financial Aid	Facilities	Other
OSU	88,600,336	15.3%	8.4%	9.8%	11.2%	20.3%	35.0%
Pac-12	115,184,928	15.5%	7.9%	9.8%	11.4%	18.1%	37.3%
FBS	74,958,968	15.8%	8.4%	10.5%	14.5%	12.3%	38.4%

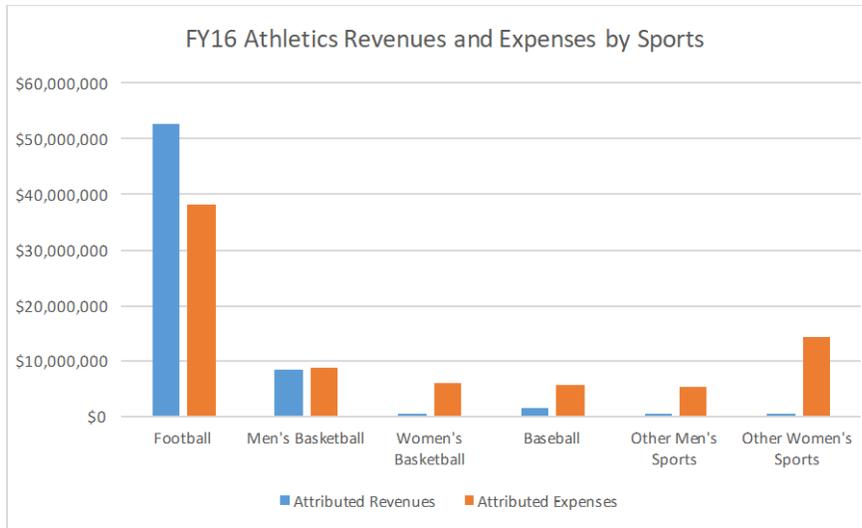


Figure 1. What drives the revenue side? Attributed revenues and expenses by sport (including direct and indirect expenses) for FY16.

Table 3: Location, location, location----->

PAC-12 Member	Venue	Capacity	2018 Average Attendance
USC	Los Angeles Coliseum	77,500	58,924
UCLA	Rose Bowl	92,542	51,164
Washington	Husky Stadium	70,083	69,068
Arizona State	Sun Devil Stadium	57,078	48,515
Cal-Berkeley	Memorial Stadium	62,467	42,866
Arizona	Arizona Stadium	55,675	45,436
Oregon	Autzen Stadium	54,000	53,016
Colorado	Folsom Field	50,183	45,809
Stanford	Stanford Stadium	50,424	37,842
Utah	Rice-Eccles Stadium	45,807	46,332
Oregon State	Reser Stadium	43,363	35,209
Washington State	Martin Stadium	32,952	30,091

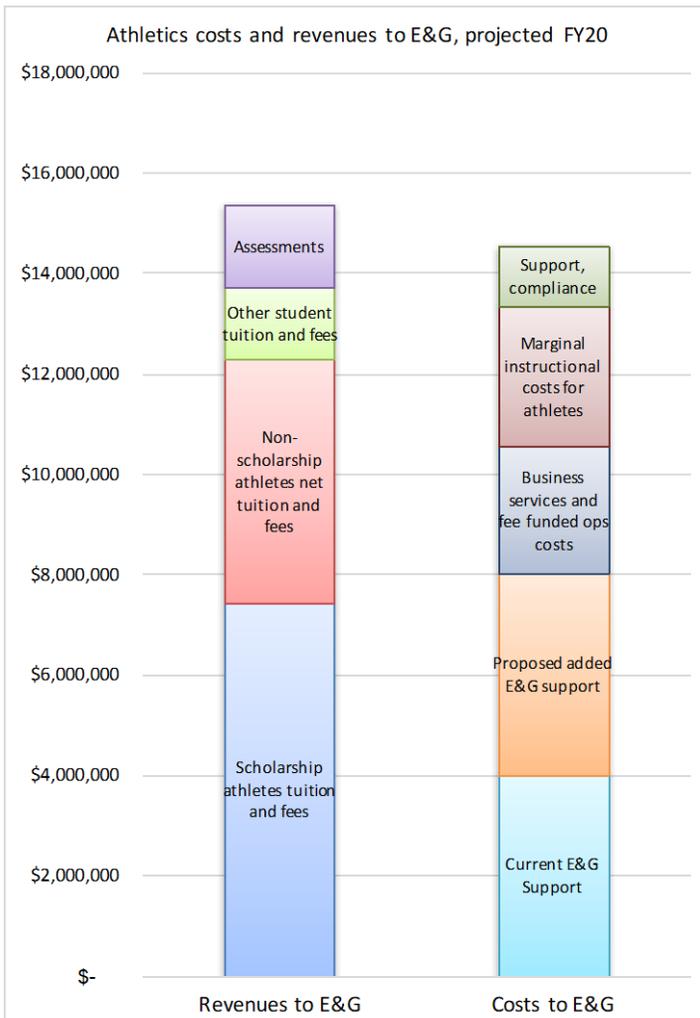


Figure 2: Does athletics cost E&G? Even after increasing the institutional contribution from \$4M to \$8M by FY20 the net contributions of athletics to the E&G budget about balance the costs. The largest part of the revenue from athletics is from the tuition and fees paid by (or for) scholarship and non-scholarship athletes.