



TEN-YEAR BUSINESS FORECAST

SHERMAN BLOOMER, DIRECTOR
BUDGET & FISCAL PLANNING



Oregon State
University

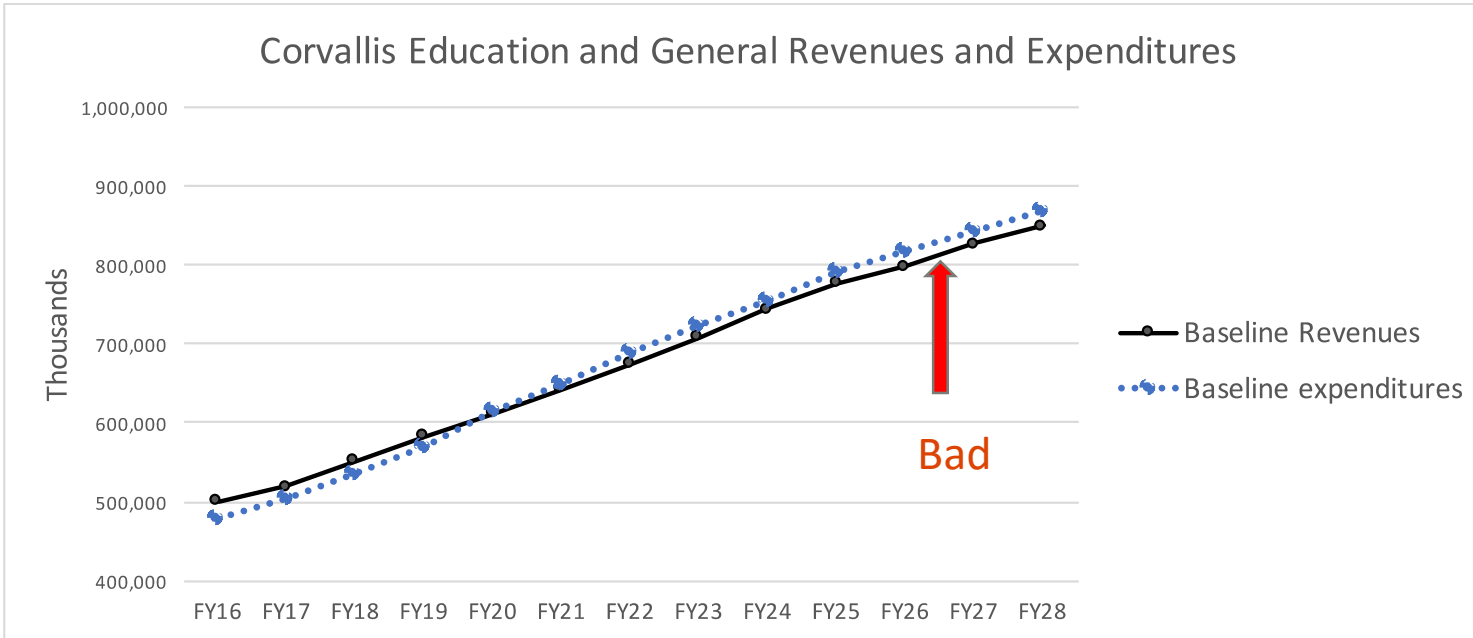
Why a ten-year business forecast?

- A long-term view of the impact of operating and capital decisions.
- Consider the impact of external factors (benefits, state funding, etc.).
- Projects key financial metrics out far enough to see concerns.
- Identifies areas of concern and opportunity early enough to take action to maintain and improve the university's financial strength.
- Looks at the university as a whole—all funds, all locations, operating and general ledgers.
- Updated in January of even-numbered years (after full legislative sessions).

Principal assumptions in the forecast

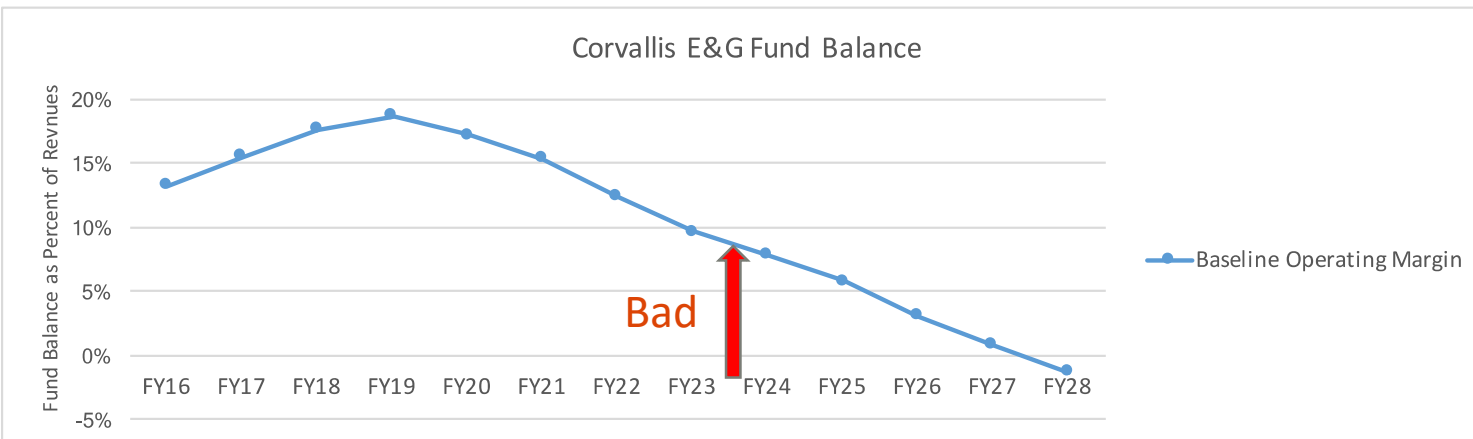
- **28,500** students in Corvallis and Newport by 2025.
- **Ecampus revenue growth slowing** to 5% annually by 2026.
- **33% non-resident undergraduates** in Corvallis by FY2025.
- Large increases in benefits costs (**over 10%**) in FY2020, FY2022 and FY2024 due to PERS.
- State funding grows **2.5%** a year (0.9% first year of a biennium, 4.1% second year).
- Tuition increases for residents of **4.15%** in FY2020, FY2022 and FY2024 and **3%** in other years.
- Institutional financial aid increasing from 12.2% to **13.0%** of undergraduate tuition by FY2025.
- OSU-Cascades between 35% and 45% more students by FY2025, increases to **3,000** in longer term.
- **\$60M per biennium** of OSU institutional debt capacity.
- Significant **gift** funding for all new academic building projects.
- Annual capital renewal funding that includes \$8.2M from the state, \$5M for minor projects funded by units, and **E&G capital renewal funding reaching \$45M annually by FY2026**.
- State-paid debt of about **\$50M per biennium**, though the distribution varies across biennia.
- State-paid debt for Cascades averaging **\$28M a biennium** and totaling \$137.6M through the 2025-27 biennium.
- **Enrollment initiatives** in Portland and for a fixed-cost first two years entry to university.

Principal conclusions



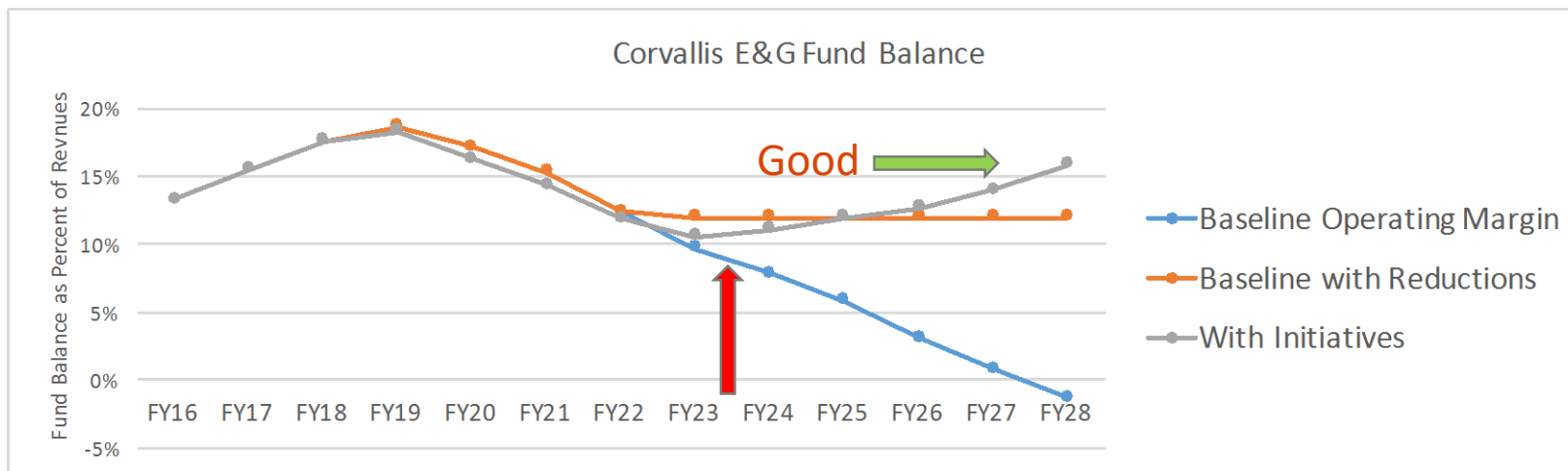
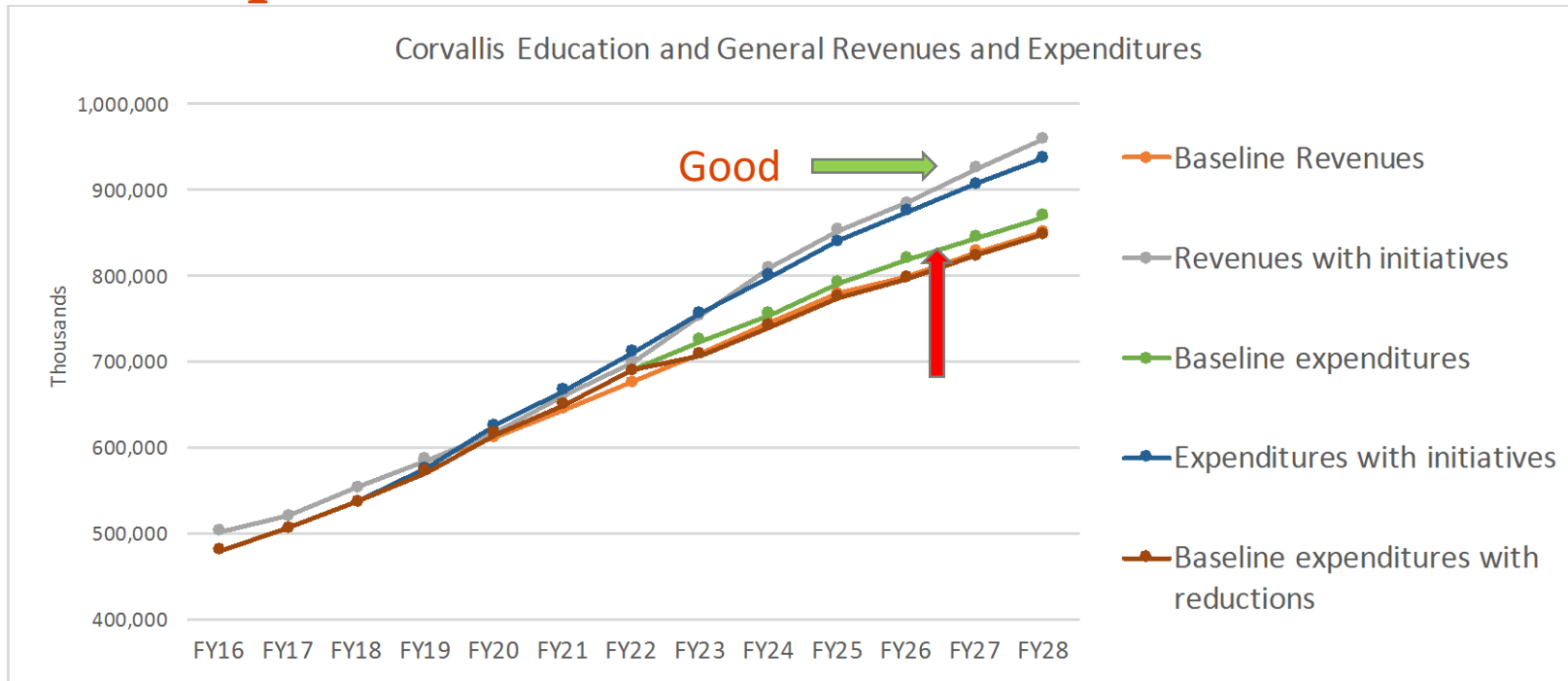
Focus on Corvallis E&G as that has the largest impact.

The baseline case shows expenses exceeding revenues beginning in FY2021.



Moody's sees the same nationally: "change in revenue will not keep pace with expense growth"

Principal conclusions

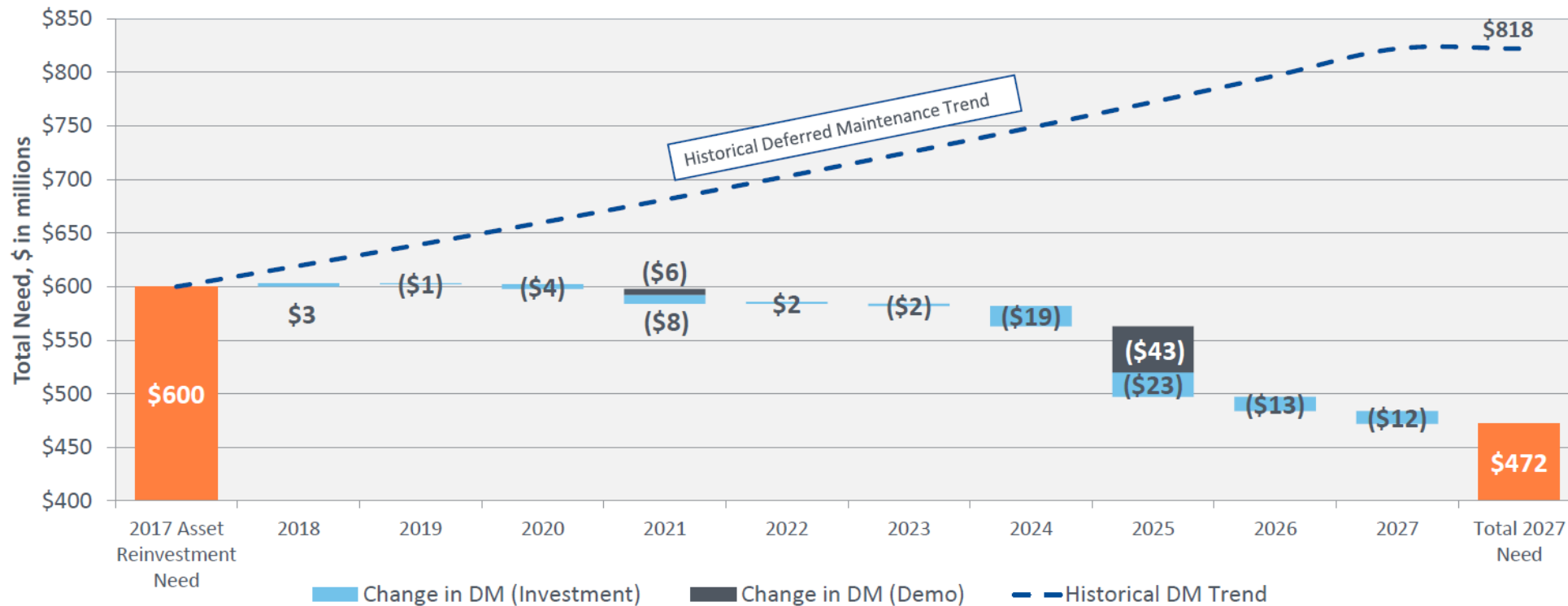


What can change?

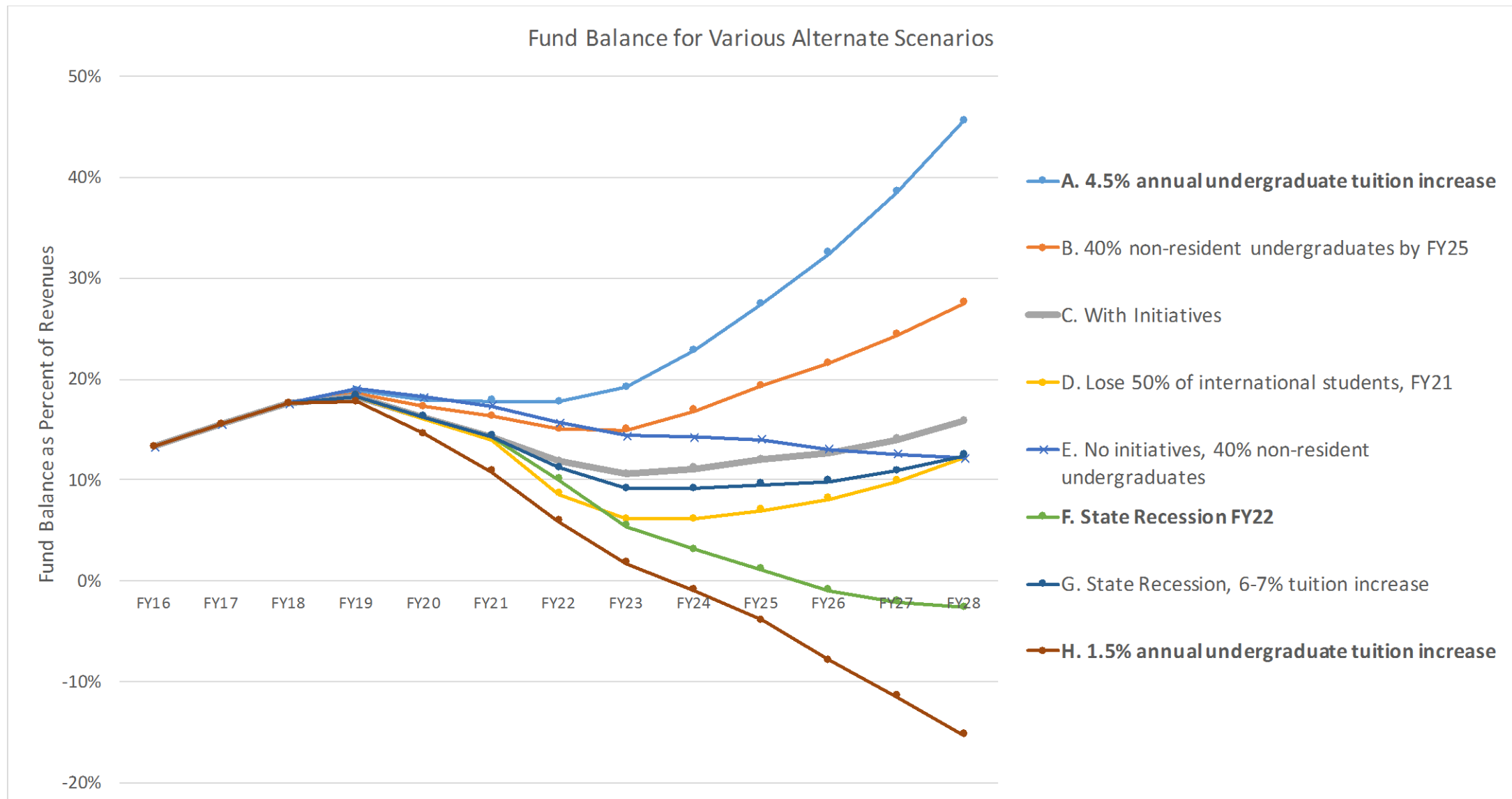
- 1.9% to 2.9% annual expense reductions
- Tuition rates
- Other revenues
- Enrollment initiatives

Impact of E&G capital renewal funding (\$45M/yr in FY2026)

Projecting Future Deferred Maintenance

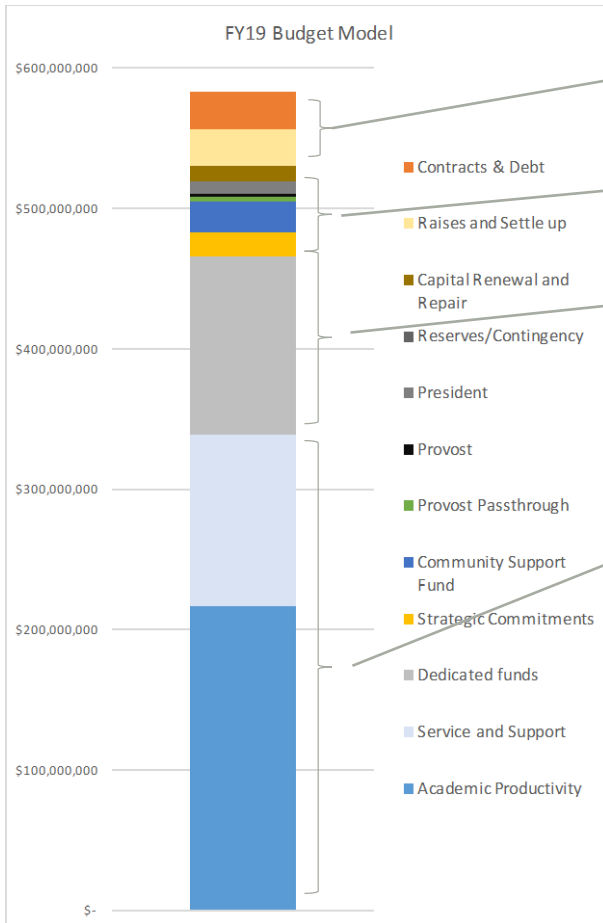


Stress tests---what is the forecast sensitive to?



Questions?

Following are just in case slides for budget model



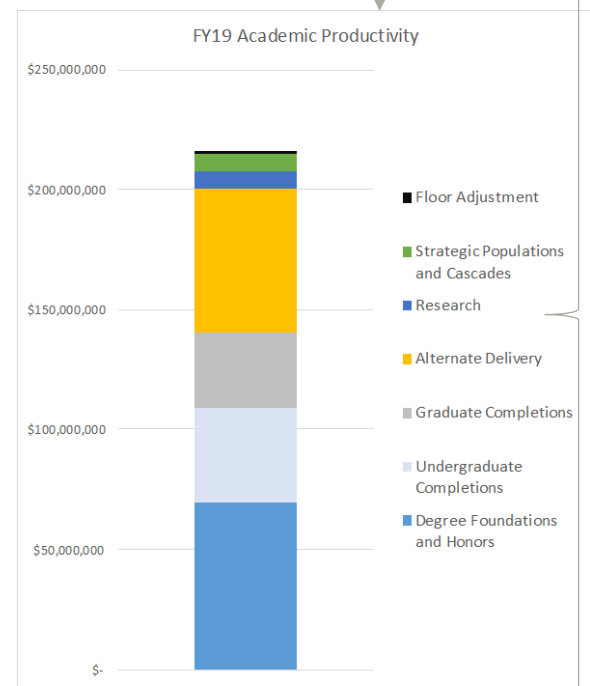
Off-the-top: debt, contracts, units settle-ups (like Ecampus), raise pools, capital renewal (will grow to \$45M), reserves

Off-the-top: Executive, Strategic Pool, Community Support Fund

Dedicated funds: Sales and service, earmarks, F&A recovery, fees, differential tuition over base tuition, endowment match

Distributable funds: 36% service and support units (this is a decision point in the model; distributed by incremental commitments for now); 64% academic units (distributed by productivity allocations—see below)

FY19 OSU-Corvallis E&G Budget Model



Floor: adjust to FY17 (only PHHS and Education)

Strategic populations: by degrees awarded to Pell recipients, URM students, international students, 3 years total

Research: by F&A recovery, 3 years total

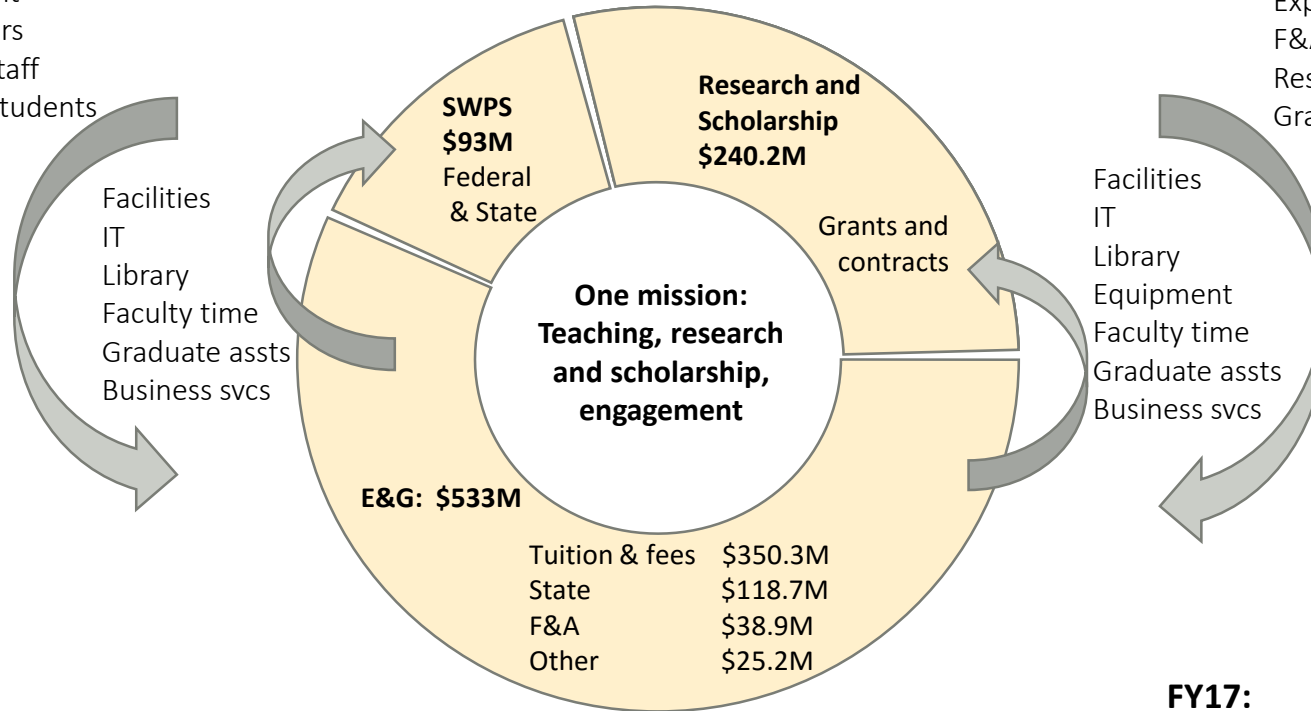
Alternate delivery: Ecampus and Summer, 80% of net tuition by credit hour, current year actuals

Graduate completions: 40% credit hours, 60% degrees, 3 year totals, weighted by level and discipline

Undergraduate completions: 40% credit hours, 60% degrees, 3 year totals, weighted by level and discipline

Foundations: service teaching by credit hours, 3 year totals, weighted by level not discipline

Faculty support
 Experiential learning
 Engagement
 Stakeholders
 Research staff
 Graduate students



Faculty support
 Quality faculty
 Experiential learning
 F&A recovery
 Research staff
 Graduate students

Facilities
 IT
 Library
 Faculty time
 Graduate assts
 Business svcs

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 Library
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Other funds:
 Self-support (Housing and Dining, Athletics)
 Gift funds and scholarships
 Building funds and bonds

FY17:
 \$866M total
 61% E&G
 28% grants
 11% SWPS