

FY20 Corvallis E&G Budget Update

Faculty Senate
November 14, 2019

The “big three” pressures on OSU’s budget

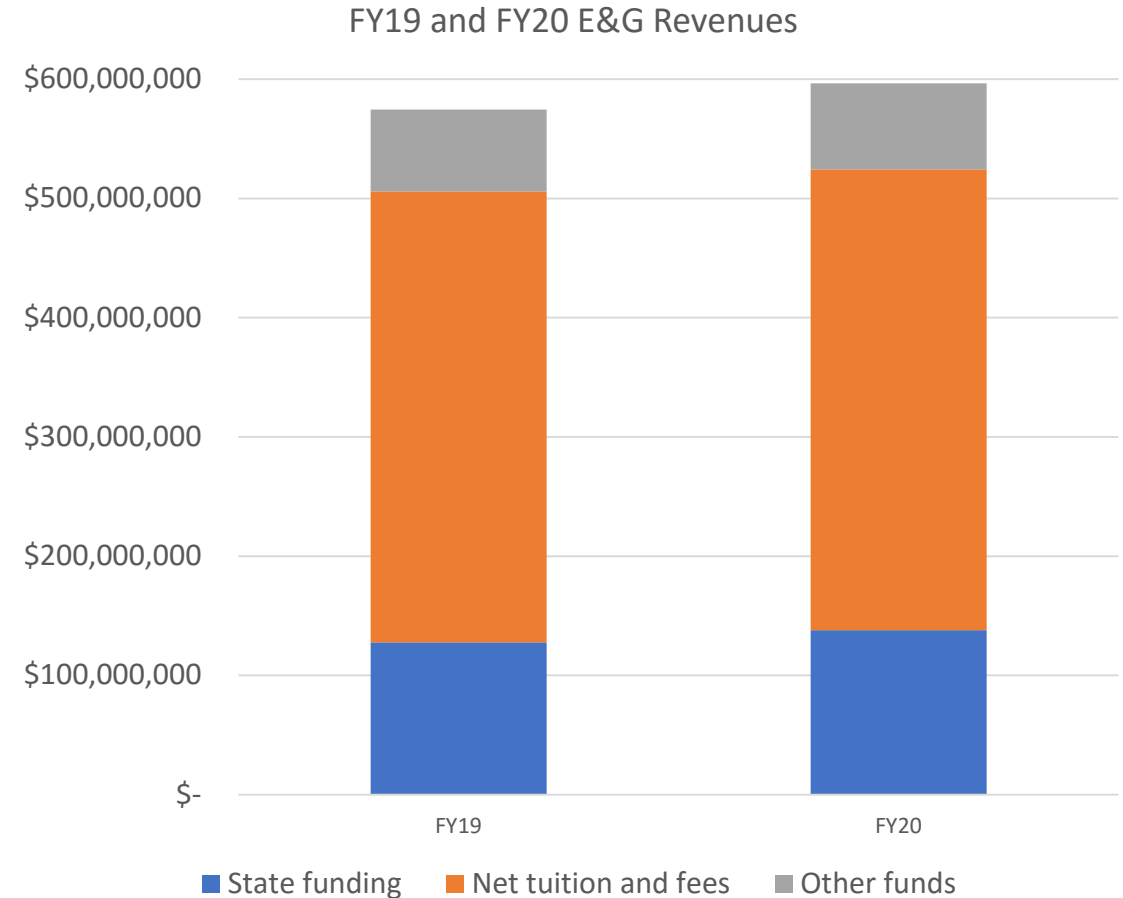
- 1) Benefits cost increases beyond the university’s control (PERS, PEBB)
- 2) Slowing enrollment growth
- 3) Need to continue making strategic investments, especially for facilities renewal on Corvallis campus

Budget priorities

- Manage tuition & expand enrollment strategically
- Continue commitment to appropriate raises, even in difficult economic times, to recruit and retain faculty and staff
- Reduce our administrative costs
- Implement the facilities renewal program

How did the revenue budget picture shape up?

About \$20M more over FY19, half from the state, half from tuition—about \$9M more from state than we'd expected. Still 65% tuition and fees.



How did the final budget compare to plans?

- The budget for the Board in June forecast about \$18M of expense reductions to be managed with decreases in strategic commitments, S&S spending, personnel spending, and budgeting of reserves
- The budget from the state was \$9M more than expected, so allowed budgeting \$1M for additional aid and enrollment management investments, about \$4M for a reserve (there was initially none), and reducing the expense reductions on campus to about \$14M

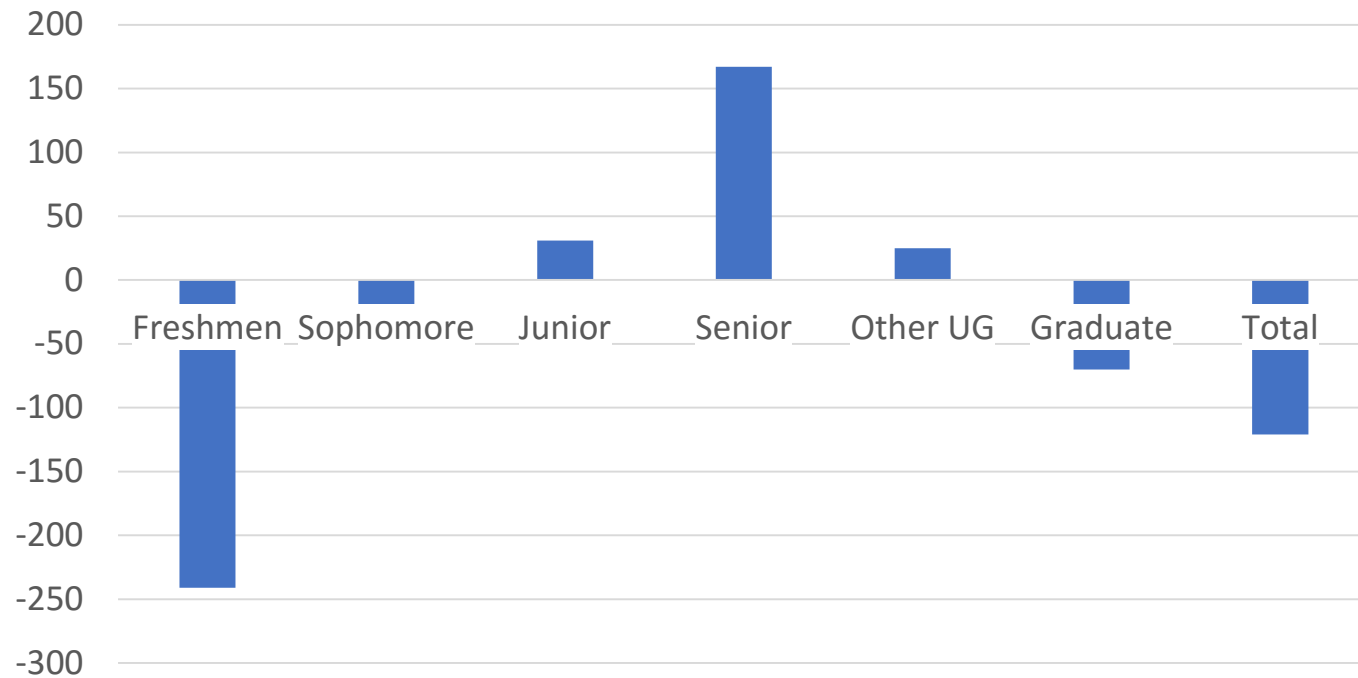
Reductions summary

- About \$14M in expense reductions across E&G units
- \$3.5M central reductions (\$2M in capital renewal funding)
- Balance expected to be from about \$4M in S&S expense reductions, \$6.5M in personnel expense spending reductions
- Budget allocations of general tuition and state funding flat-funded support and admin units, gave colleges at least a 1.9% increase

How did enrollment compare to plans?

- Originally expecting a decrease in Corvallis of 2-3% (mostly undergraduate)
- Actually down less than 100 students (additional \$3.3M in aid, improvements in retention and transfers) so better than budgeted
- BUT...a much smaller freshmen class (mostly in non-residents) which forecasts an overall reduction next year of about 500 students (2-4%)

Change in fall enrollment FY19 to FY20 by student type

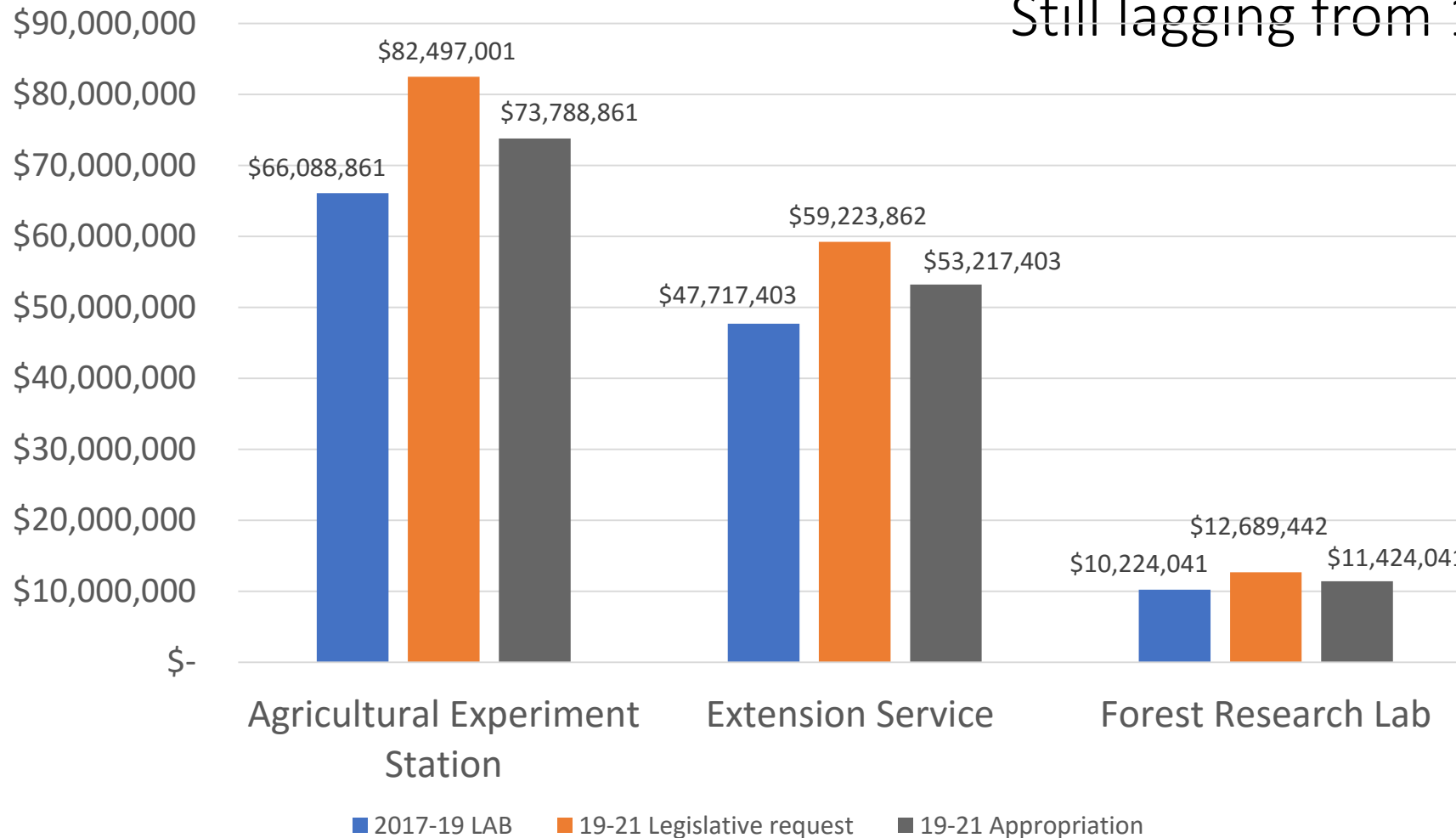


Budget priorities—what was addressed?

- **Manage tuition & expand enrollment strategically:** \$3.3M more in tuition waivers, \$1M in added aid/critical enrollment support, \$0.6M enrollment management, improvements to research support (capital renewal focus, no budget cuts to Research Office, new grant and contract officers)
- **Continue commitment to appropriate raises, even in difficult economic times, to recruit and retain faculty and staff:** \$4.2M for mid-year raise (unclassified 3%, pending for UAOSU, SEIU as settled)
- **Reduce our administrative costs:** larger relative increases to colleges (\$4.7M increase to colleges including bridge funding for Science, Education, CLA, PHHS, \$0.9M increase net to admin and support units)
- **Implement the facilities renewal program:** \$3M more to capital renewal (\$13M total), \$1.4M for debt service and MSI building operations, \$2.1M in property insurance increase

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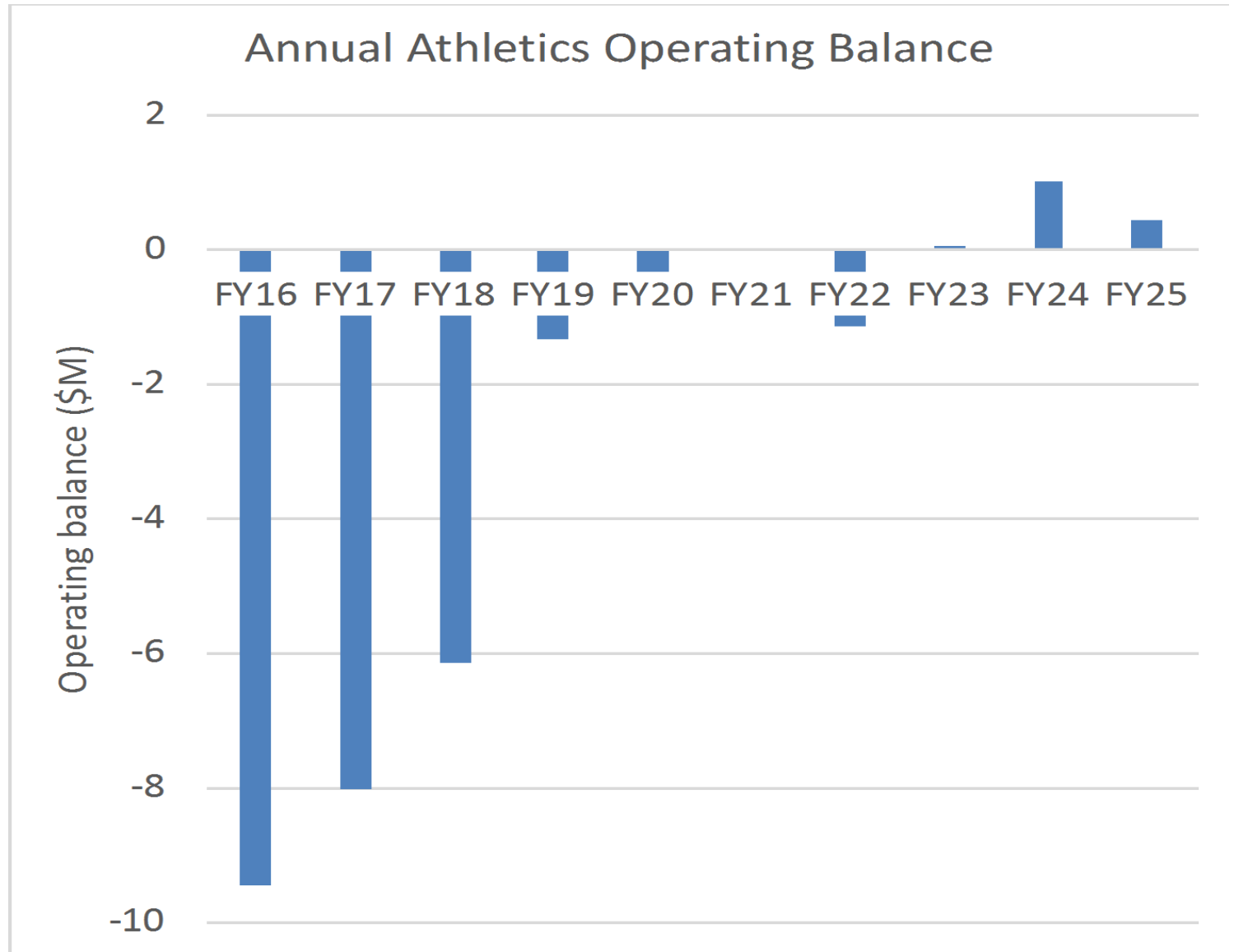
SWPS Funding
CSL 8.1%
Funding increase 11%
Still lagging from 17-19 shortfall



Athletics

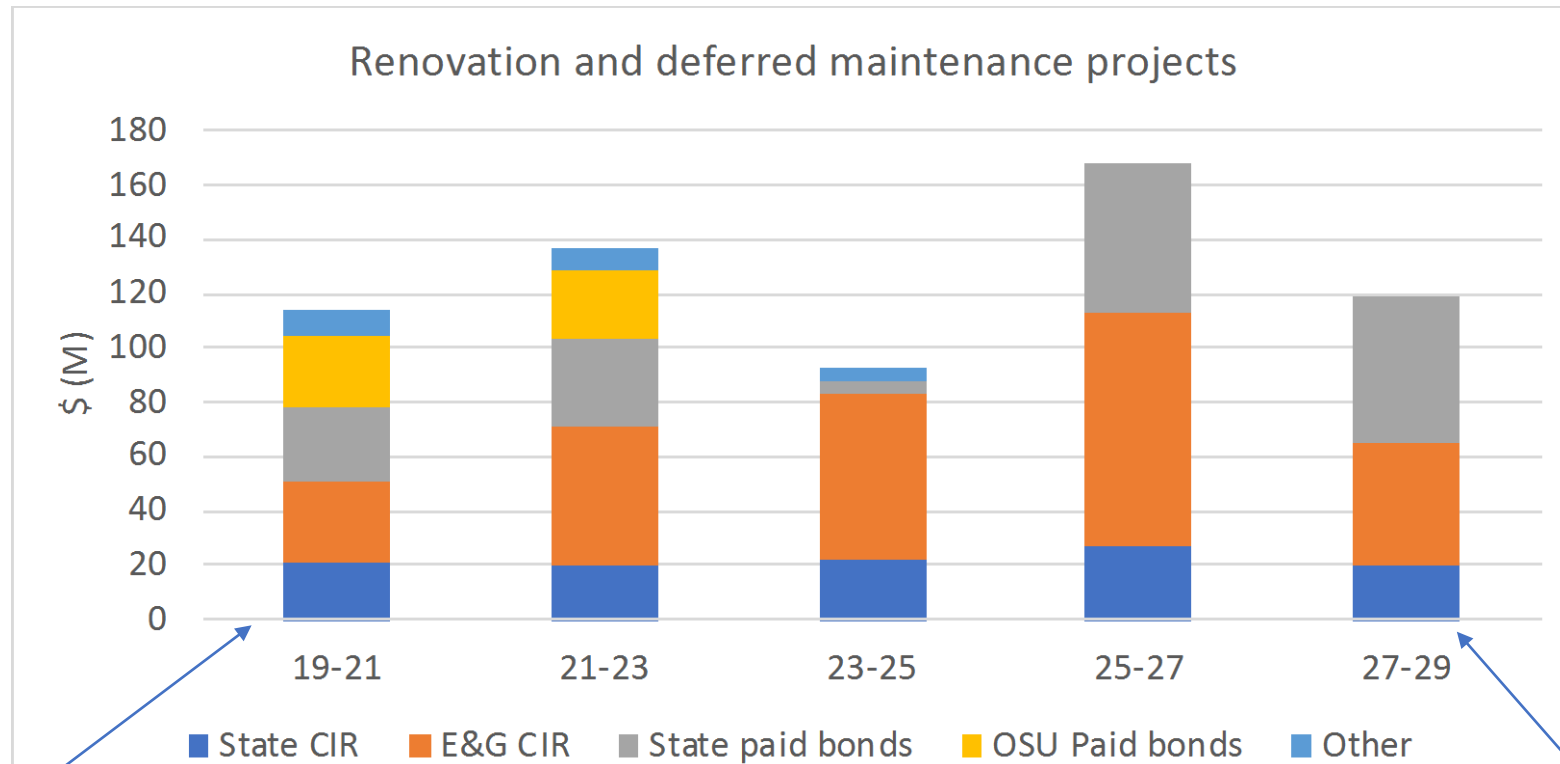
Largely on track with the financial sustainability plan

- Reduced one sport
- Refinanced legacy debt
- Restructured tickets and fundraising
- Despite two turnovers in football coaching staff
- Aggressive cost management





Capital renewal



Minor capital
Cordley Phase II
Campus Ops
Cascade Hall

Minor capital
Cordley Phase III
Withycombe East
Ship Ops dock

Minor capital
Withycombe West
Kerr seismic
Snell demo
HMSC seawater

Minor capital
Community Hall
Langton Hall
Gilbert Hall
Research bldg. reno.

Minor capital
Research bldg. reno. (2)
Gladys Valley

List is preliminary and subject to change. Minor capital is less than \$5M, roofs, elevators, building systems, etc.

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Questions?

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\$8M from E&G back to athletics as net from athletics tuition and other revenues:

