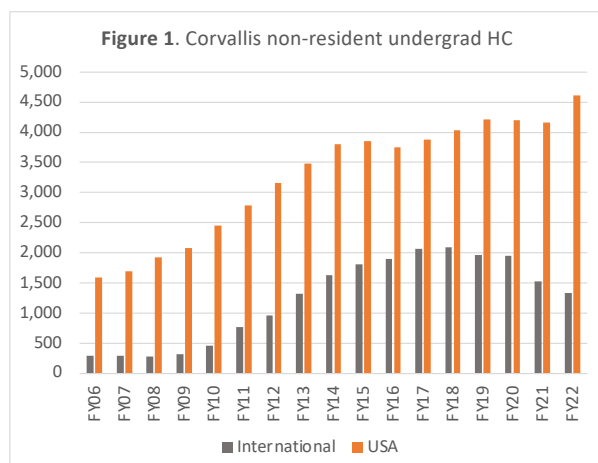


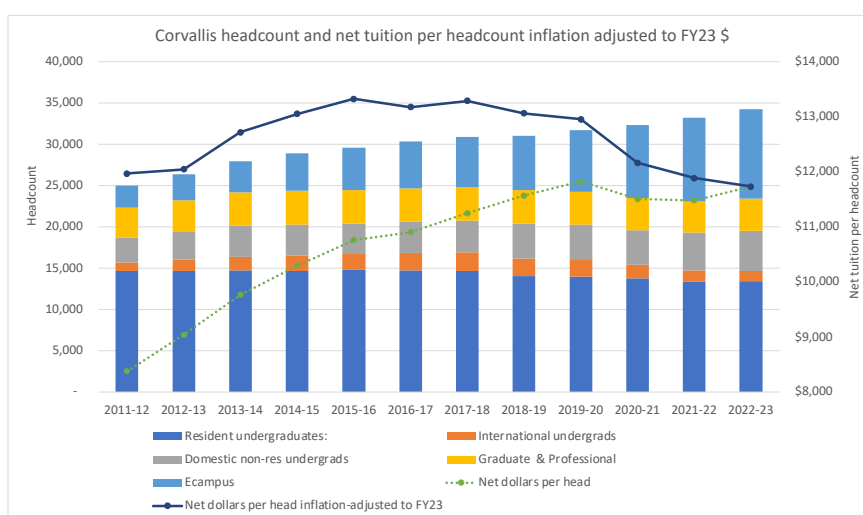
Context:

OSU is still experiencing impacts of the pandemic. Enrollments of resident and international students have not rebounded to pre-pandemic levels (Figure 1), units have not been able to return to staffing levels before FY20 (both because of hiring difficulties and budget limitations), and there is significant pressure on wages. Ecampus enrollment growth has significantly outpaced campus growth. At the same



time, the university moved to a new model for undergraduate financial aid in the first year of the pandemic, which significantly increased institutionally-funded aid. This strategy has two goals. The first is to improve OSU's long-term competitiveness for non-resident domestic students by renewing our participation in the Western Undergraduate Exchange. The second is to restore OSU's share of Pell-eligible Oregon students that had declined significantly in the previous ten years. There is clear evidence of success towards both of those goals. Both also help address the pre-pandemic trends of decreasing numbers of college-going high school graduates.

The intersection of all of those changes means that, while OSU's enrollment trends are better than many of our peers, the net revenue per student has declined (Figure 2) and we are not seeing the annual revenue growth we experienced with earlier, similar enrollment changes. Once the new financial aid strategy is fully phased-in (four full entering classes) that incremental revenue should show some more annual growth but it will still be limited.



FY23 Corvallis E&G Budget:

Available incremental revenues for the FY23 budget are in reference to the FY22 budget amounts. The FY22 initial budget was \$615.7M, the FY23 revenue forecast is for \$643.6M. Most of the incremental revenue growth comes from growth in Ecampus (both from rate increases and enrollment).

Those revenues are (almost) sufficient to cover inflationary cost growth (which is good and not the case

Table 1. FY23 budget relative to FY22 budget

State funding	\$	6,720,827
Net Corvallis tuition		(3,616,467)
Ecampus & summer	\$	21,136,749
Other revenue	\$	3,705,158
	\$	27,946,267

for many of our peers), growth in contractual obligations (like debt service and insurance), and commitments already made (Figure 3). Additional new commitments this year will require use of fund balance, financing, or redirection of budget from other areas. The ten-year forecast suggests this is going to be a typical circumstance for at least the next couple of biennia (Figure 4).

Figure 3: Corvallis E&G revenue growth for FY23 (left) and estimated incremental E&G expense commitments (right). Revenue growth just sufficient to keep up with inflationary cost growth is likely to be typical for the next couple of biennia.

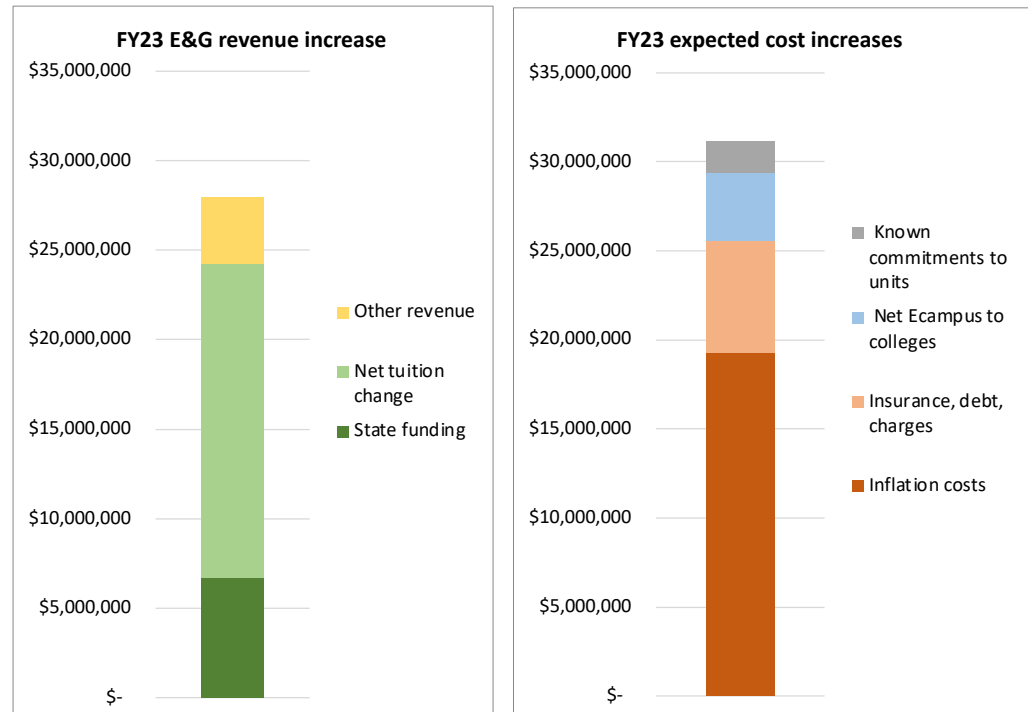
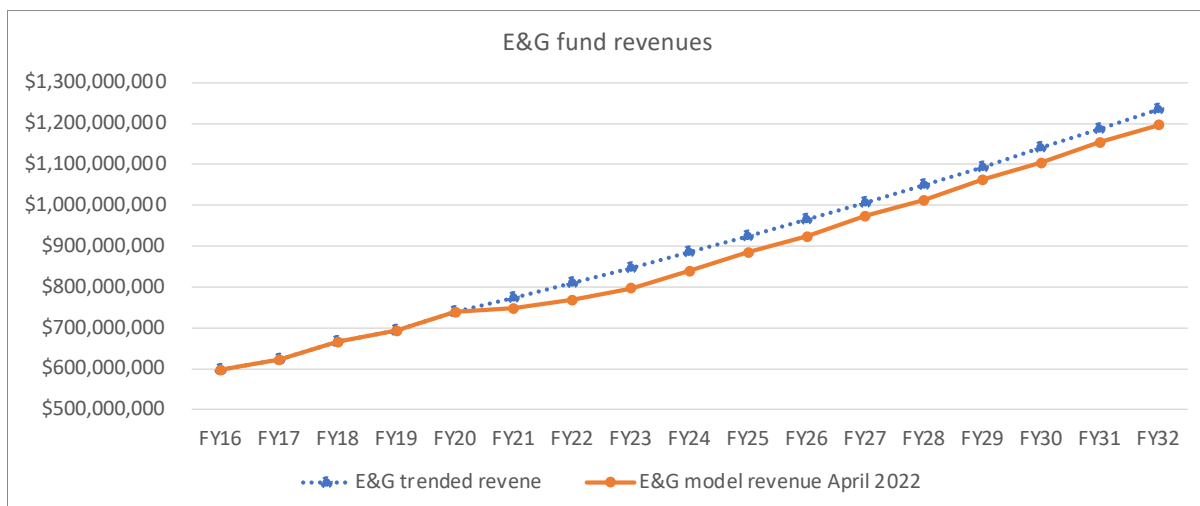


Figure 4: The ten-year forecast indicates that E&G revenues should regain the rates of growth seen before the pandemic (solid orange line) but are unlikely to reach the absolute dollar levels estimated pre-pandemic (blue dashed line). Not every unit will not be able to resume pre-pandemic levels of spending.



This outlook raises two major questions of strategy:

- For the immediate year---how do we prioritize essential commitments (at the institutional level) and how, having made those commitments, do we balance the budget?
- For future years, assuming this is not an unusual circumstance, how do we establish budget priorities, redirect current spending, and reduce expenses to continue commitments to capital renewal, meet annual inflationary and mandatory cost increases (like property insurance), and make essential strategic commitments to new services or programs?