

# BUDGET CONVERSATION MID-YEAR UPDATE AND EARLY FY 2027 OUTLOOK

January 26, 2026



**Oregon State**  
University

# Agenda

- What's changed since BOT spring action adopting FY26 budget
- Outcomes of University budget process
- Key concerns
- Early outlook for FY 2027

# What's changed?

- Enrollment
  - Actual data vs. full-year estimates
- State budget forecasts
  - Deficit due to federal reconciliation legislation
- University adopted new budgeting software (Adaptive Planning)

# What's changed?

- Enrollment
  - Actual data for Fall informs estimates
- Fall 2025 freshmen class smaller than Fall 2024 (~230 students)
- Ecampus enrollment virtually flat (budget had anticipated growth)
- Some Ecampus enrollment shifted to on-campus
- 3% downward adjustment to tuition and fees outlook

# What's changed?

- State budget forecasts
  - Deficit due to federal reconciliation legislation
- Most recent state forecast reduced current biennium shortfall estimate (\$63.1M), but multi-billion dollar imbalances foreseen in future biennia
- Oregon Higher Education Coordinating Commission (HECC) request of public universities to respond on impacts of reduction scenario
- Appropriation for Outdoor School reduced late in legislative session, \$5.9M lower than adopted budget (Outdoor School largely a pass-through to school districts)

# Outcomes of University budget process

- Budget realignment process for FY 2026 resulted in average reduction targets of 5.2% across the university, but not across the board
- Budget actions were a broad mix of personnel and non-personnel savings, totaling \$36.2M (E&G)
- Most personnel actions were vacant positions (\$22.6M)

# Outcomes of University budget process

- Deliberate choices to hold money centrally for contingencies and for strategic investment
- To date, modest use of these funds due to emerging risks (rough and preliminary scope)
  - Tuition estimate downward revision (\$18M)
  - Potential state budget reduction (up to \$21M E&G; \$18M SWPS)
  - Internal imbalances (\$20-\$30M)
  - Facilities & Administrative revenue (grant overhead)

# Key concerns

- Despite reductions, some colleges and administrative divisions have continuing structural imbalances
- Any State cut would hit late in fiscal year
- Unit imbalances, coupled with lower tuition and state cut, will likely result in draw down of university fund balance,
  - Potential to drop below Board target range

# Budget Framework FY 2027

- Early FY 2027 budget outlook suggests significant headwinds
- Spending exceeds revenue, despite growth in tuition revenue; structural imbalances in a number of colleges and divisions
- Enrollment in Ecampus virtually flat
- Probable reduction in state support due to state budget deficit
- Uncertain enrollment impacts among international students as well as from federal policy changes to financial aid
- Cost escalation: compensation, utilities, enterprise software, debt service

# What's next?

- Annual process underway for tuition and fee setting
  - University Budget Committee (UBC) recommendation
  - Board action in March
  - Estimated marginal revenue becomes budget resource for next year
- Further refinement of financial framework for FY 2027
- Internal OSU budget development process
- Short legislative session (concludes early March)

# Education & General \$1.01 billion

E&G Budgeted Revenue by Source, FY 2026  
(\$millions)

