

# FY 2017 Budget



June 16, 2016



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# FY 2017 Budget Presentation

- ❖ FY 2017 Proposed Budget
- ❖ Managing Reductions
- ❖ Responsible Use of Resources
- ❖ Proposed Student Costs
- ❖ Student Cost Comparisons
- ❖ Auxiliary Enterprises
- ❖ Planning For The Future



# Items Presented for Approval

- ❖ State Regents' Budget Forms
- ❖ Tuition & Fee Rates



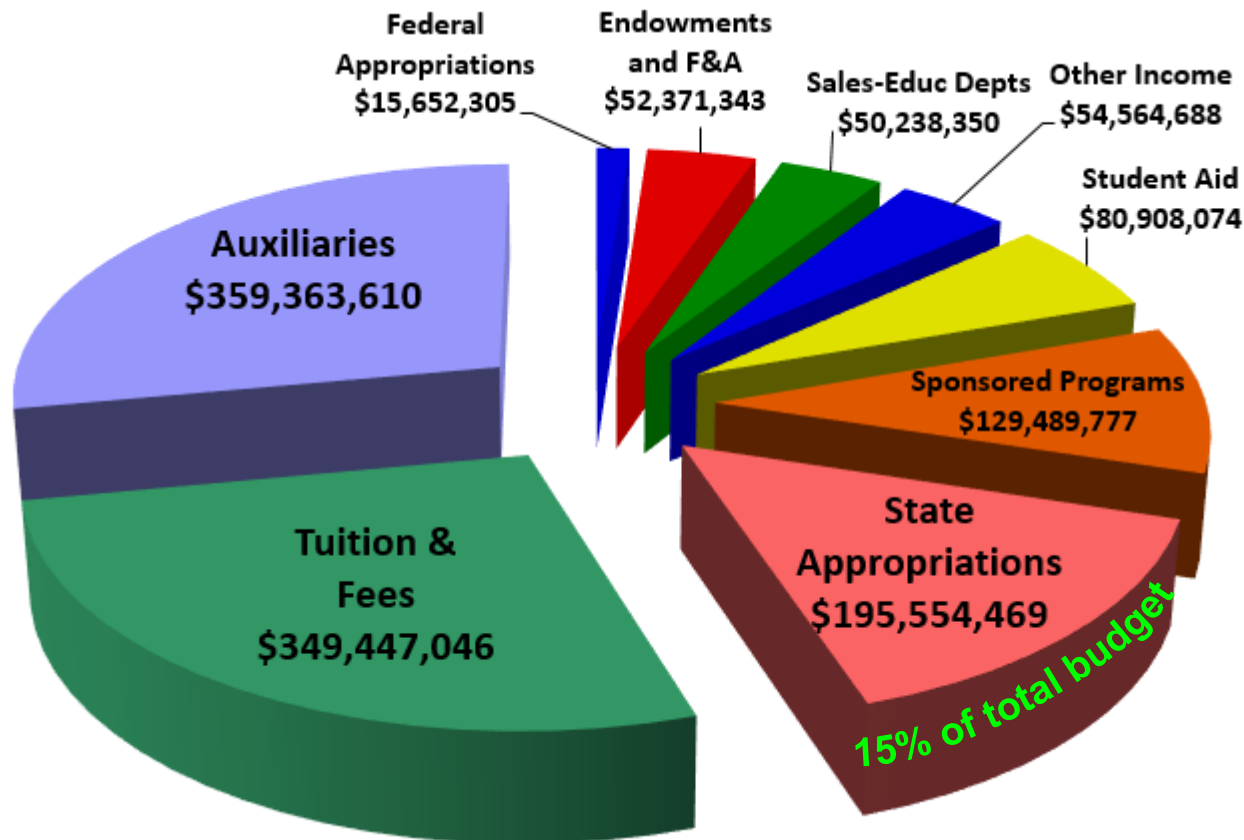
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# State Allocations – All Agencies

Agency	FY 2016	FY 2017	\$ Decrease	% Decrease
General University	\$118,365,636	\$99,480,630	(\$18,885,006)	-15.95%
Oklahoma Agricultural Experiment Station	25,771,299	21,659,538	(4,111,761)	-15.95%
Oklahoma Cooperative Extension Service	28,122,844	23,635,900	(4,486,944)	-15.95%
OSU Institute of Technology	14,043,769	11,803,113	(2,240,656)	-15.95%
Center for Veterinary Health Sciences	10,521,334	8,842,676	(1,678,658)	-15.95%
Oklahoma City	11,255,098	9,459,370	(1,795,728)	-15.95%
Center for Health Sciences	13,697,949	11,512,468	(2,185,481)	-15.95%
Tulsa	10,899,819	9,160,774	(1,739,045)	-15.95%
<b>Totals</b>	<b>\$232,677,748</b>	<b>\$195,554,469</b>	<b>(\$37,123,279)</b>	<b>-15.95%</b>



# Sources of Revenue – All Agencies



**FY 2017 Total Revenue = \$1.3 Billion**  
**Estimated System Enrollment = 35,421**



# FY 2017 vs. FY 2016 Total Budget All Agencies

Agency	FY 2016	FY 2017	\$ Change	% Change
General University	\$756,750,811	\$761,363,102	\$4,612,291	0.61%
Oklahoma Agricultural Experiment Station	73,300,546	71,625,506	(1,675,040)	-2.29%
Oklahoma Cooperative Extension Service	54,885,261	51,427,342	(3,457,919)	-6.30%
OSU Institute of Technology	68,865,236	62,501,993	(6,363,243)	-9.24%
Center for Veterinary Health Sciences	42,143,261	40,849,510	(1,293,751)	-3.07%
Oklahoma City	73,685,816	72,396,973	(1,288,843)	-1.75%
Center for Health Sciences	194,952,027	205,101,371	10,149,344	5.21%
Tulsa	24,138,776	22,323,865	(1,814,911)	-7.52%
<b>Totals</b>	<b>\$1,288,721,734</b>	<b>\$1,287,589,662</b>	<b>(\$1,132,072)</b>	<b>-0.09%</b>



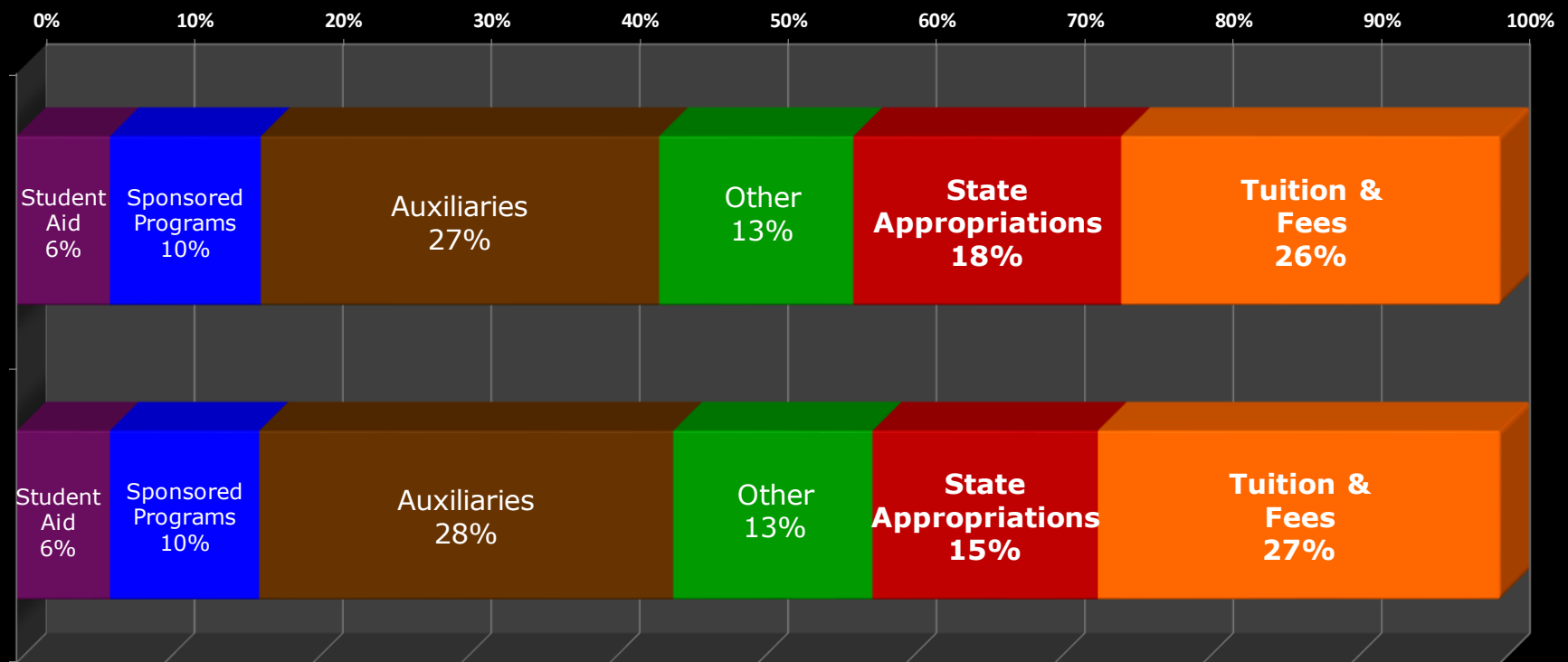
# FY 2017 Changes in Budget General University

OSU General University	
Description	Amounts (in millions)
Decrease in State Appropriation	-\$18.9
Tuition and Fee <u>Net</u> Increase	11.7
Endowment Earnings	2.3
F&A	1.0
Student Aid	2.0
Auxiliary	6.5
<b>FY 2017 Increase to Total Budget</b>	<b>\$4.6</b>



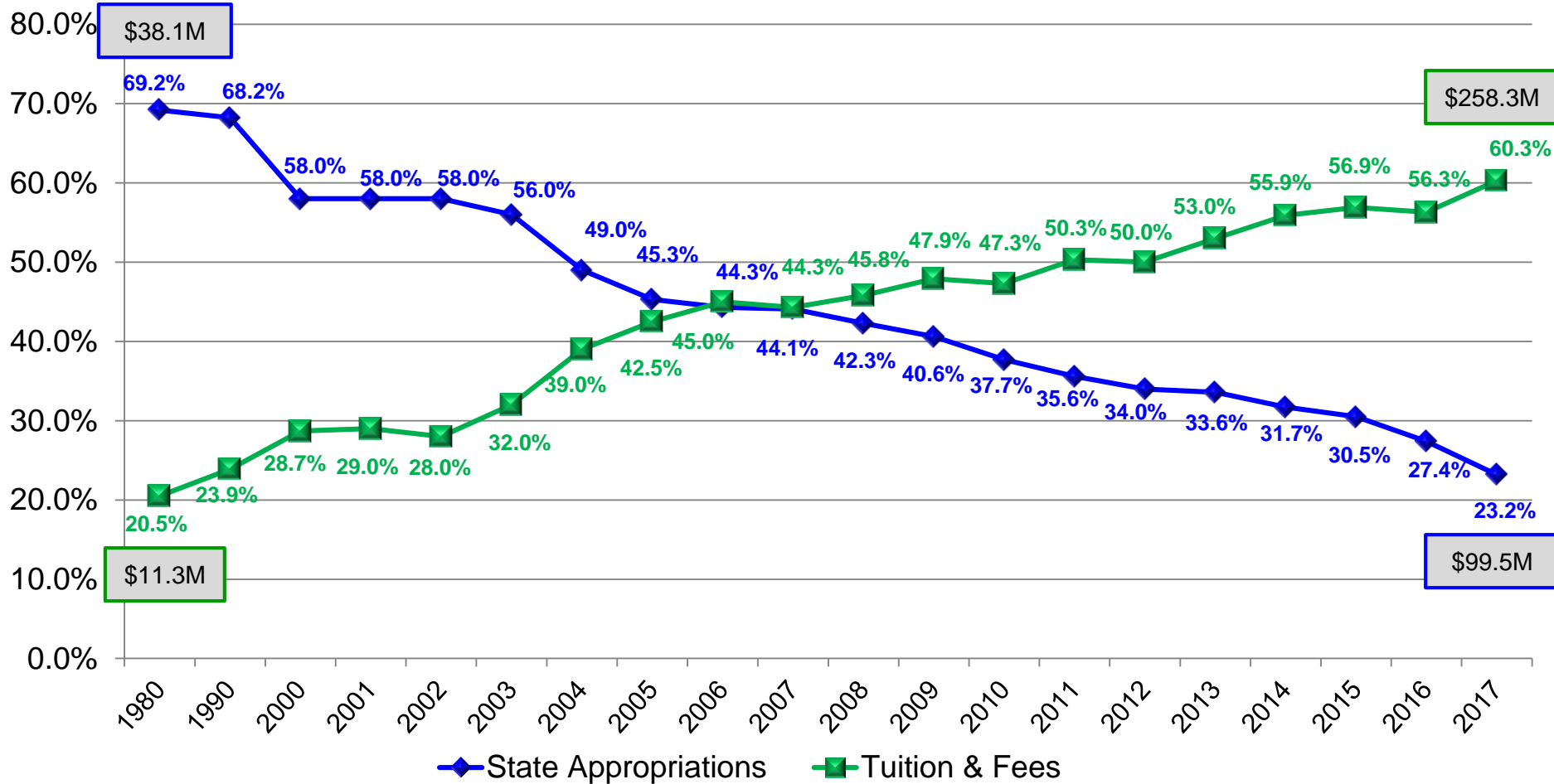
# Sources of Revenue – All Agencies As Percentage of Total Budget

## FY 2016 vs. FY 2017



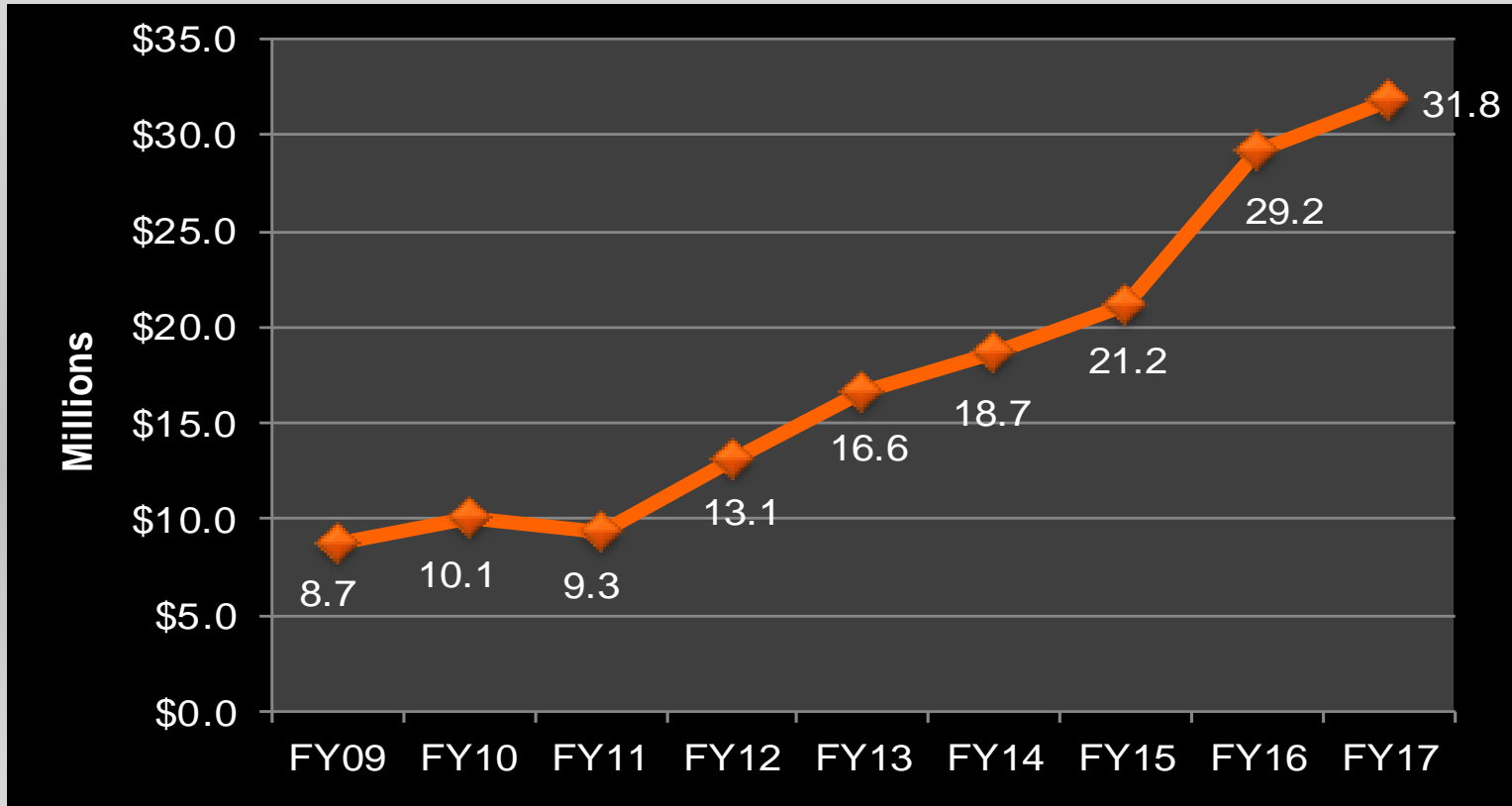


# State Appropriations & Tuition/Fee Revenue As a % of General University E&G Revenue



# Budgeted Endowment Earnings

- ❖ In FY 2017, earnings utilized within the budget will increase by \$2.6 million (▲ 9%).
- ❖ Earnings utilization has increased by over \$23 million since FY 2009.

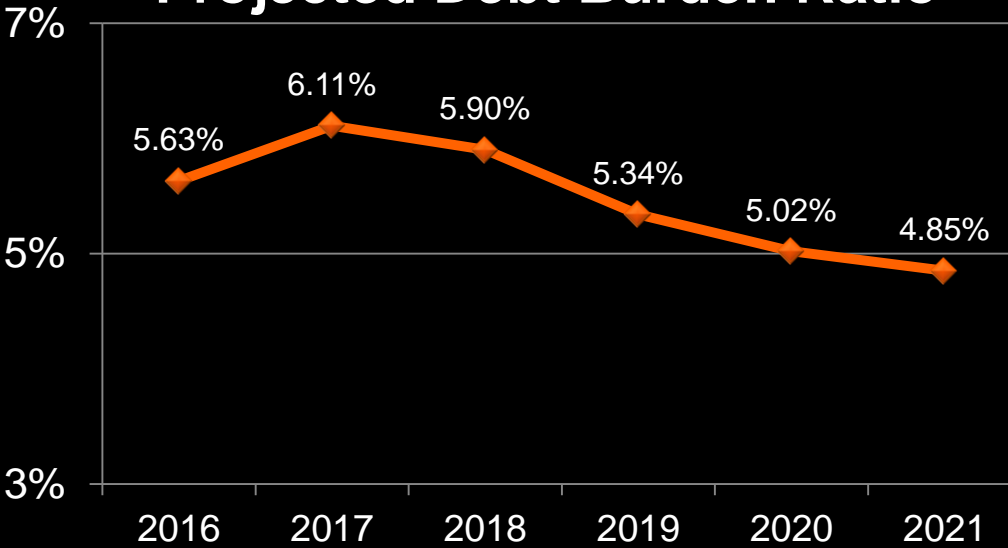


Endowment earnings incorporated into the institutional budget helps OSU minimize increases in student costs. The \$31.8 million being utilized in FY 2017 is the equivalent of a 18.7% increase in tuition and fee rates.



# Debt Service Projections

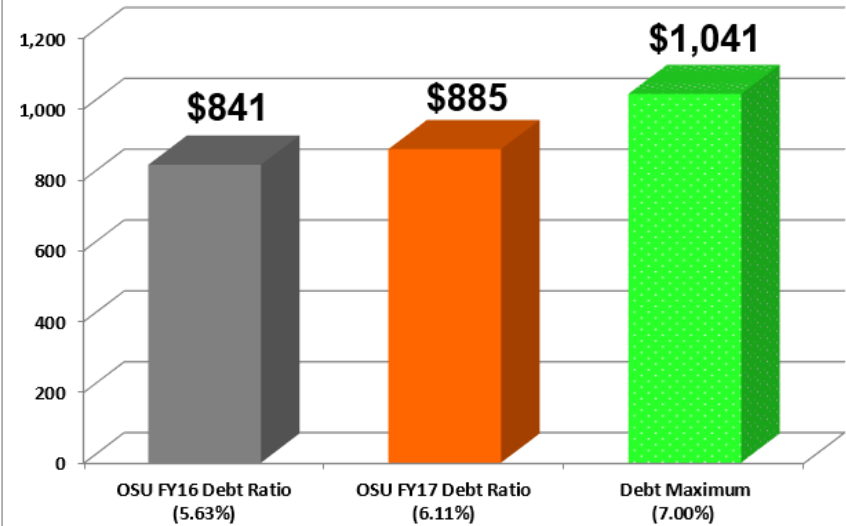
## Projected Debt Burden Ratio



**By FY 2021**

Overall debt will be reduced by \$152 million

## OSU System Debt (in millions)



With the FY 2017 debt of \$885 million, and total budgeted expenses of \$1.3 billion, OSU will still have a remaining debt capacity of \$156 million.

OSU has maintained stable credit ratings during a tumultuous time for credit ratings of the State of Oklahoma:

- Standard and Poor's Endowment = AA-
- Fitch = AA
- Moody's = Aa3 and A1



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# How Are Reductions Being Addressed

Agencies are offsetting the \$37.1 million reduction in state appropriations in a variety of ways.

- Increased tuition and fee rates will only offset 50% of the reduction in state appropriations.
  - These increases are critical to maintain the quality of academic programs and ensure availability of courses.
- The remaining 50% of the reduction will be offset by:
  - Reduction of budgets, including operating expenses and supplies
  - As faculty and/or staff positions become open, most are not being filled
  - Adjunct and graduate teaching assistant positions have been reduced
- Additional initiatives:
  - Explore a bonus structure encouraging faculty to teach additional courses over and above regular teaching loads.
  - CVHS has proposed increasing nonresident admissions pool in order to increase overall enrollment and raise additional tuition revenue.



# Out-of-State Revenue Generated by OSU

- ❖ Out-of-state revenue brought in by the University provides dollars that cycle into the Oklahoma economy and serve to bolster state revenues. They include the following:
  - Cost of attendance for out-of-state (nonresident) students, which includes not only tuition and fees, but also room, board, books, supplies and miscellaneous personal expenses
  - Sponsored programs for instruction, research and extension
  - Federal Financial Aid in the form of Pell Grants, Federal Supplemental Education Opportunity Grants (FSEOG), Federal work-student and Federal TEACH grants

As the table shows, without applying any type of multiplier to estimated economic impact, these out-of-state dollars provide almost a 3 to 1 return on the funding OSU receives in state appropriations.

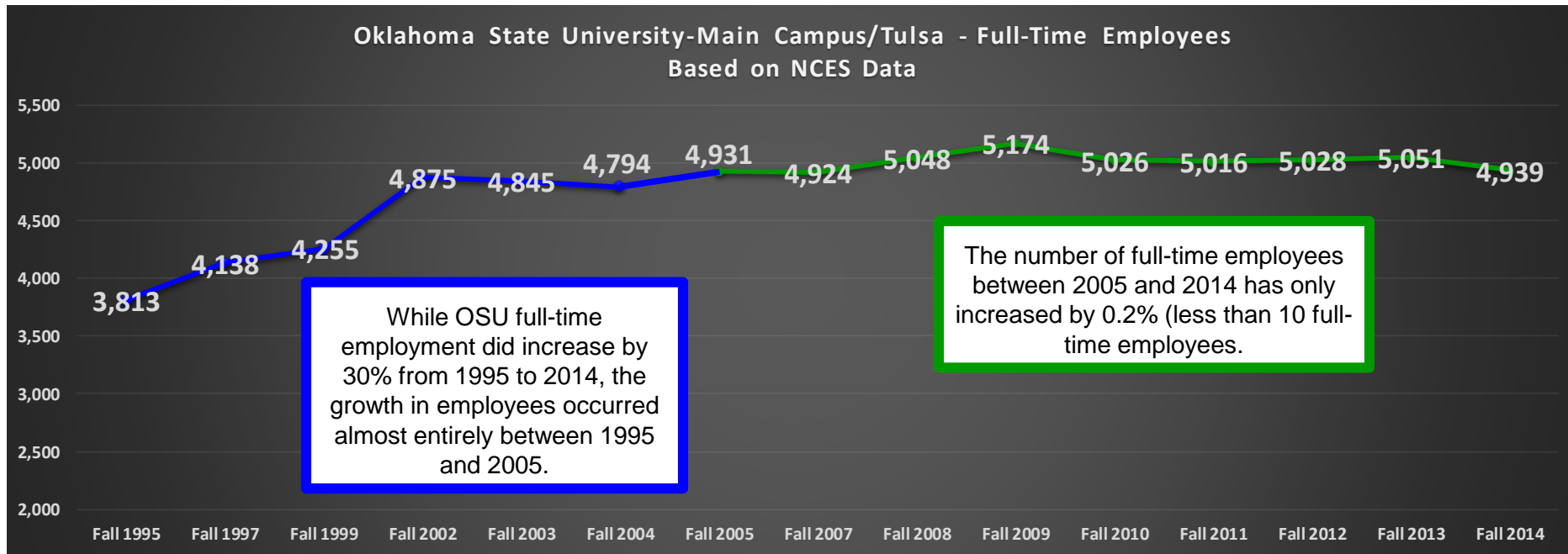
OSU-Stillwater FY 2015 Out-of-State Revenue	
	<u>Total Net Revenue</u>
Undergraduate Total Cost of Attendance	\$ 201,328,750
Graduate Total Cost of Attendance	63,873,260
<b>Total Revenue Generated By Out-of-State Students</b>	<b>265,202,010</b>
<b>Federally Funded Sponsored Programs</b>	<b>47,964,270</b>
<b>Federal Financial Aid</b>	<b>26,458,114</b>
<b>Out-of-State Dollars Brought in By OSU</b>	<b>\$ 339,624,394</b>
<b>FY 2015 OSU-General Univ. State Appropriations</b>	<b>\$ 122,658,690</b>



# OSU Employee Growth Has Been Level Over the Past Decade

Recent information reported in the media:

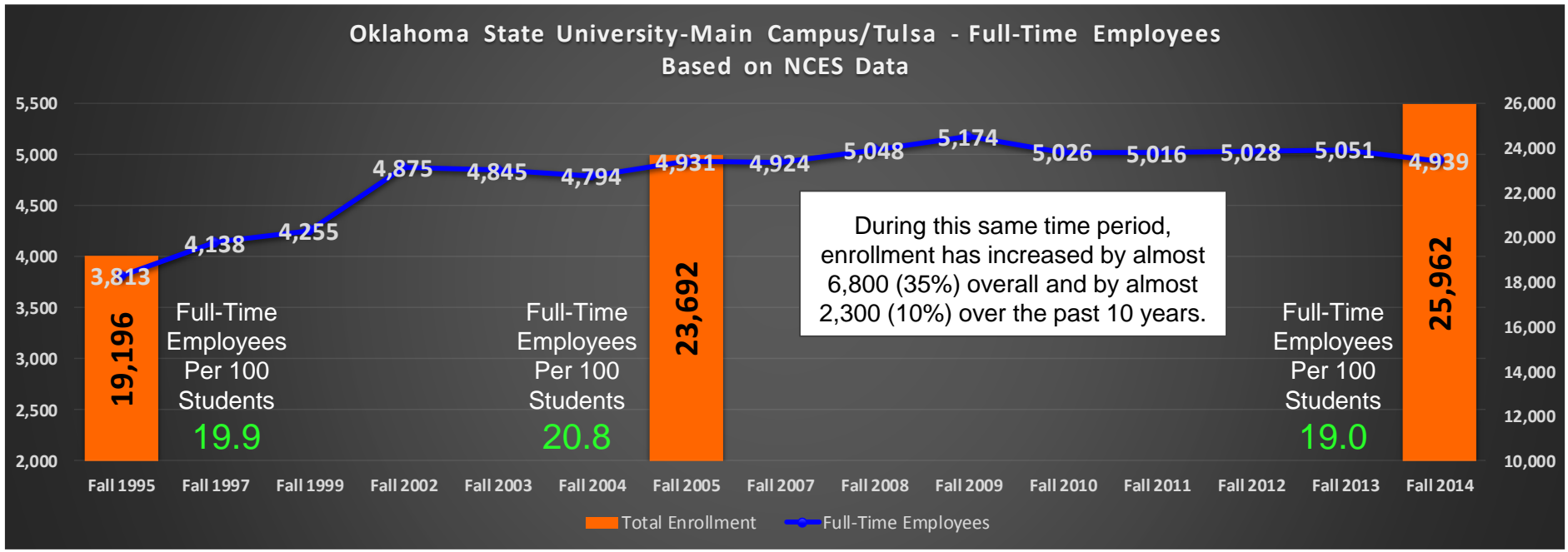
“(Oklahoma) Higher education, which can raise tuition and fees and tap private donors, saw full-time employment grow 31 percent during the 20 years examined, and 13 percent from 2005 to 2014, despite declining appropriations in recent years. Those increases were in line or just behind the national rate of growth for higher education.”



# While Employee Growth Has Been Level, Student Enrollment Has Increased

For institutions of higher education, it is also important to take into account changes in student enrollment. A common metric for this is to compare **university employees per 100 students**.

Due to the substantial enrollment growth, the **Full-Time Employees Per 100 Students** ratio has actually decreased in both the 20-year (Fall 1995 to Fall 2014) and 10-year (Fall 2005 to Fall 2014) comparison – indicating enrollment growth has consistently outpaced employment growth.



# OSU Institutional Support Costs and Students per Administrator Ratios

OSU Institutional Support Expenses Per Student FTE are consistently well below national averages.

	Institutional Support Expenses Per Student FTE					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Oklahoma State University	\$1,095	\$1,028	\$914	\$794	\$1,011	\$1,099
National Average (Public 4-Year Institutions)	\$2,638	\$2,688	\$2,534	\$2,606	\$2,590	\$2,713
OSU as % of National Average	42%	38%	36%	30%	39%	41%

Note: Information is pulled from NCES/IPEDS Data Center: <http://nces.ed.gov/ipeds/datacenter/>

FTE Students Per Administrator Ratios also indicate growth in enrollment continues to outpace administrative hiring.

Year	Full-Time Equivalent Students Per Administrator
FY 2011	119
FY 2012	124
FY 2013	130
FY 2014	129
FY 2015	130
FY 2016	131

Data compiled from the FY 2017 Institutional Data Trends submitted to the A&M Board of Regents





# Proposed Student Costs

## OSU System Proposed Tuition/Mandatory Fee Increases for FY 2017

Agency Tuition By Level & Residency	Proposed		% Peer Limit	Increase		
	Per-Credit Hour	Annual		Per-Credit Hour	Percent	Annual
<b>General University &amp; Tulsa:</b>						
Undergraduate Resident	\$277.35	\$8,321	81.4%	\$18.10	7.0%	\$543
Undergraduate Nonresident	\$748.10	\$22,443	80.3%	\$48.85	7.0%	\$1,466
Graduate Resident	\$322.30	\$7,735	80.3%	\$21.05	7.0%	\$505
Graduate Nonresident	\$937.65	\$22,504	100.0%	\$46.65	5.2%	\$1,120
<b>Center for Veterinary Health Sciences:</b>						
Resident		\$20,348	83.7%		6.9%	\$1,322
Nonresident		\$45,454	89.2%		9.9%	\$4,113
<b>OSU Institute of Technology:</b>						
Undergraduate Resident	\$170.00	\$5,100	49.9%	\$8.00	4.9%	\$240
Undergraduate Nonresident	\$357.00	\$10,710	38.3%	\$8.00	2.3%	\$240
<b>Oklahoma City:</b>						
Lower Division Resident	\$124.98	\$3,750	36.7%	\$3.85	3.2%	\$116
Lower Division Nonresident	\$343.03	\$10,291	36.8%	\$12.30	3.7%	\$369
Upper Division Resident	\$152.63	\$4,579	44.8%	\$4.90	3.3%	\$147
Upper Division Nonresident	\$370.68	\$11,121	39.8%	\$13.35	3.7%	\$401
<b>Center for Health Sciences:</b>						
Graduate Resident	\$236.60	\$5,678	59.0%	\$13.70	6.1%	\$329
Graduate Nonresident	\$851.95	\$20,447	90.8%	\$39.30	4.8%	\$943
Professional Resident		\$24,926	72.9%		5.9%	\$1,392
Professional Nonresident		\$48,717	78.3%		6.7%	\$3,052

**OSU-Stillwater  
UG Resident  
Tuition/Fee Increases:**

- FY10 = 0.0%
- FY11 = 4.4%
- FY12 = 4.8%
- FY13 = 2.8%
- FY14 = 0.0%
- FY15 = 0.0%
- FY16 = 4.5%

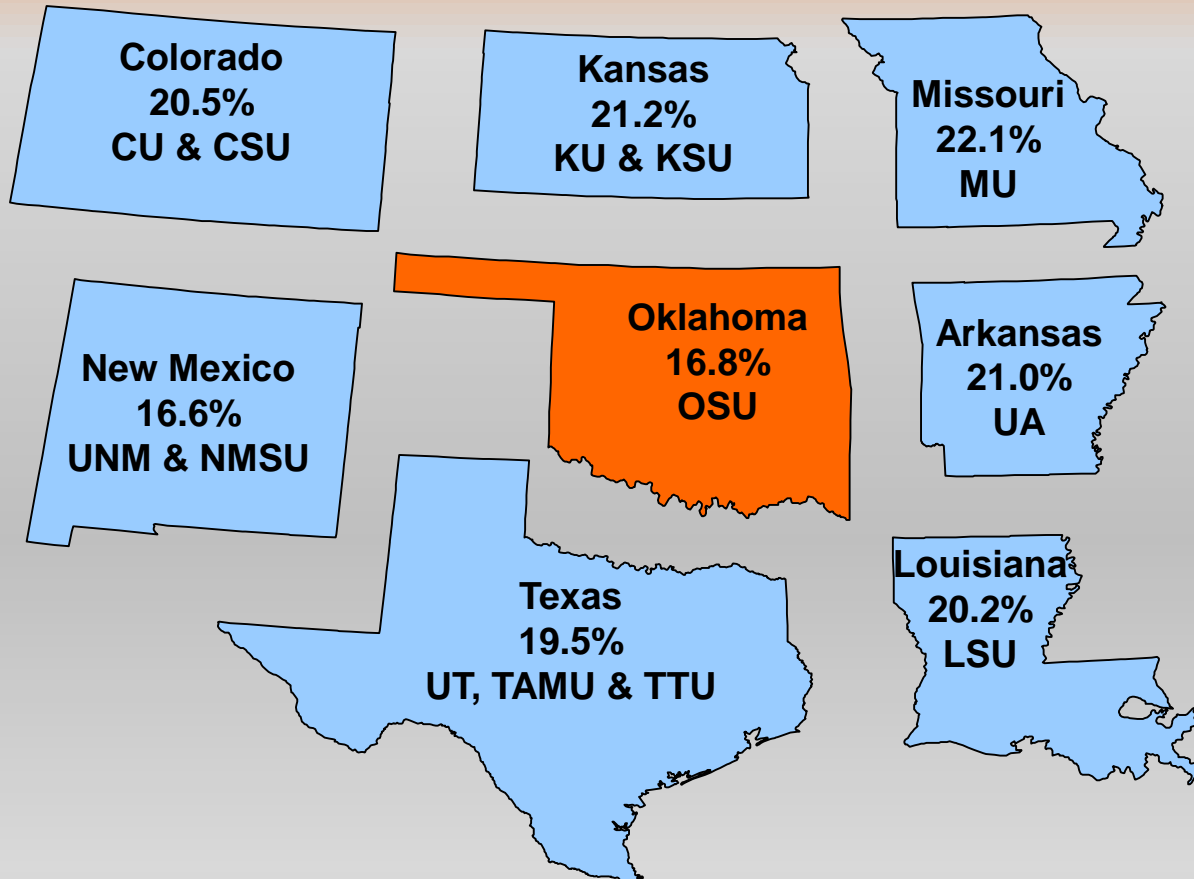
**7-Yr. Avg. = 2.4%**

Note: Annual amounts are based on 30 credit hours for undergraduate rates and 24 credit hours for graduate rates.



# OSU Continues To Be Affordable

**Tuition & Fees** as a Percentage of Per Capita Personal Income (PCPI)



State	Tuition & Fees	PCPI
OK	\$7,442	\$44,272
CO	\$10,343	\$50,410
KS	\$9,741	\$45,876
MO	\$9,433	\$42,752
AR	\$8,210	\$39,107
LA	\$8,750	\$43,252
TX	\$9,109	\$46,745
NM	\$6,398	\$38,457

*Tuition & mandatory fees for each state are based on 2014-2015 undergraduate resident rates for the institutions listed.*

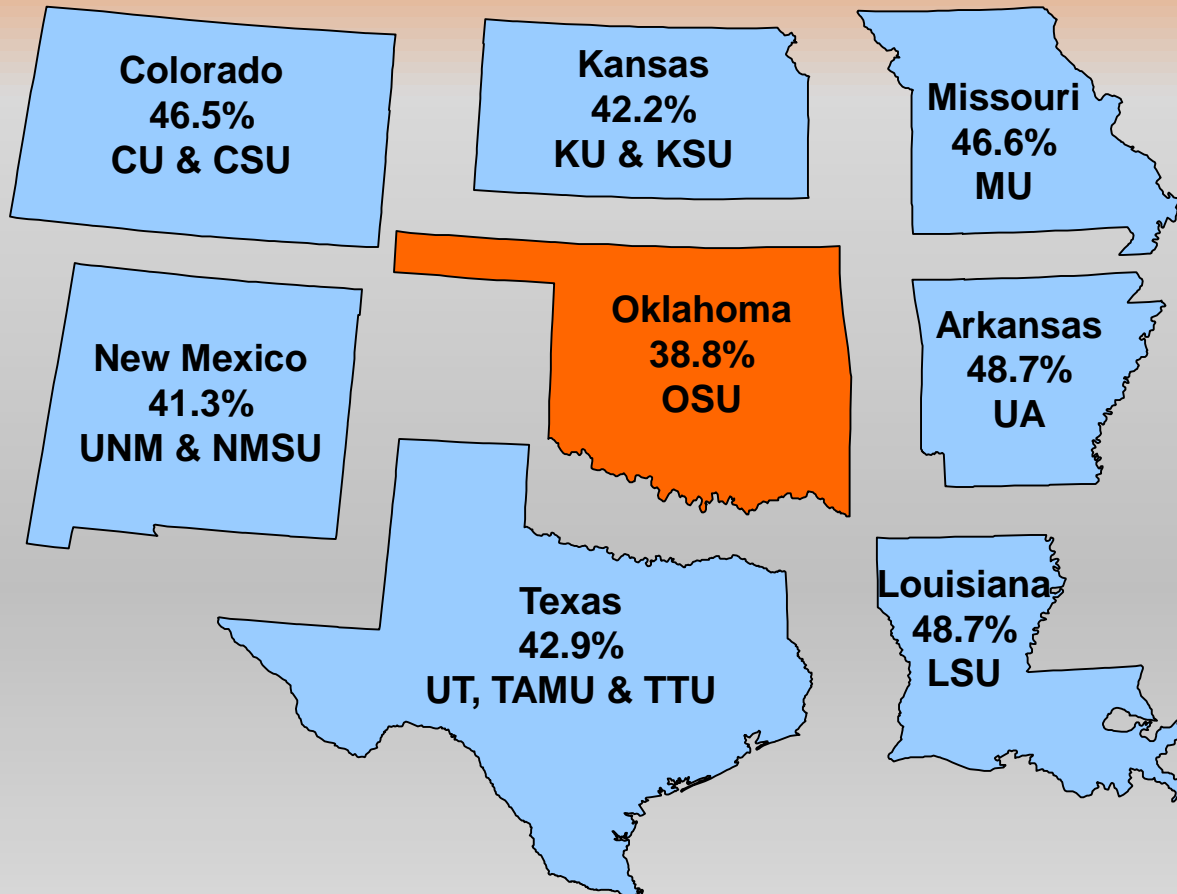
*Data on per capita personal income are 2015 figures from the Bureau of Economic Analysis.*



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# OSU Continues To Be Affordable

**Cost of Attendance** as a Percentage of Per Capita Personal Income (PCPI)



State	Cost of Attendance	PCPI
OK	\$17,182	\$44,272
CO	\$23,462	\$50,410
KS	\$19,345	\$45,876
MO	\$19,933	\$42,752
AR	\$19,064	\$39,107
LA	\$21,054	\$43,252
TX	\$20,061	\$46,745
NM	\$15,873	\$38,457

Cost of Attendance for each state are based on **2014-2015** undergraduate resident rates for the institutions listed.

Cost of Attendance includes: tuition/fees, room/board and books/supplies

Data on per capita personal income are 2015 figures from the Bureau of Economic Analysis.



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# OSU Continues To Be Affordable

Compared to all Land-Grant Institutions  
Tuition & Fees and Cost of Attendance  
As a Percentage of Per Capita Personal Income (PCPI)

	2015 Per Capita Personal Income*
U.S. Average	\$46,438
<b>Oklahoma</b>	<b>\$44,272</b>
Oklahoma Difference from U.S. Average	-\$2,166
Oklahoma as a % of U.S. Average	95%
Oklahoma Rank	27

*\*Data on Per Capita Personal Income is from the Bureau of Economic Analysis*

	FY 2015 Tuition & Fees		Cost of Attendance**	
	Amount	As % of PCPI	Amount	As % of PCPI
Land-Grant Average	\$10,913	23%	\$22,092	48%
<b>Oklahoma State University</b>	<b>\$7,442</b>	<b>17%</b>	<b>\$17,182</b>	<b>39%</b>
OSU Difference from Land-Grant Average	-\$3,471	-6%	-\$4,910	-9%
OSU as % of Land-Grant Average	68%	72%	78%	81%
OSU Rank	40	41	42	43

\*\*Cost of Attendance includes:  
Tuition and Fees  
Room and Board  
Books and Supplies



# Student Loan Debt

Compared to Big XII and National Averages, OSU has:

- A lower percentage of graduates with student loan debt  
AND
- A lower average amount of student loan debt

***Percentage of Bachelor Recipients with Student Loan Debt and  
Average Amount of Student Loan Debt  
Big XII & National Public Institutions for Class of 2014***

<b><i>INSTITUTION</i></b>	<b><i>Percentage of Graduates with Debt</i></b>	<b><i>Average Debt</i></b>
<b>Oklahoma State University</b>	<b>51%</b>	<b>\$22,591</b>
<b>Big XII Average</b>	<b>57%</b>	<b>\$25,877</b>
<b>National Average</b>	<b>60%</b>	<b>\$25,902</b>

*Note: Information is pulled from the Project for Student Debt Class of 2014 data  
(<http://ticas.org/posd/home>).*



# Auxiliaries Update

## ➤ Athletics

- Football season ticket sales are currently 83.6% of last year's total; club level are 86.2%; student tickets just went on sale.
- Oklahoma State University has been ranked second in the Big XII and #17 among Division I Institutions for the Learfield Cup, which measures overall athletic department success. This is an historic ranking for OSU.
- Women's Tennis won the Big XII Championships and finished 2<sup>nd</sup> in the nation.
- Baseball is making its 20<sup>th</sup> College World Series appearance, first since 1999.
- Women's basketball had the Big 12 Player of the Year in Brittney Martin and Jim Littell was named the Coach of the Year.
- Football finished second in the Big 12 and made an appearance in the Sugar Bowl, it's first since 1945.

## ➤ University Dining

- New North Commons Dining facility should open in August 2016 and will offer seven distinct dining options for the campus community.

# Auxiliaries Update

## ➤ Student Union

- Opened a new retail presence in the west end zone of Boone Pickens Stadium.
  - Exceeded previous year stadium sales by 45%.
- Completed a strategic review of University Store.
  - Based on national comparisons, the financial contributions made back to the University from the bookstore far exceed industry standards.

### *University Store Sales and Contributions Back to OSU versus Industry Averages*

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Oklahoma State University</b>					
Sales	\$13,972,163	\$17,019,839	\$18,984,273	\$18,595,305	\$18,847,057
<b>Contribution to the University</b>					
\$ Amount	\$2,239,544	\$2,677,125	\$3,089,161	\$3,124,842	\$3,040,572
% of Sales	16.0%	15.7%	16.3%	16.8%	16.1%
<b>Industry Average for % Contributions</b>	<b>9.3%</b>	<b>6.1%</b>	<b>6.6%</b>	<b>6.8%</b>	<b>4.4%</b>



# Auxiliaries Update

## ➤ Student Union

- Recommendations from the strategic review to address the rising cost of textbooks include:
  - Implement textbook rental program starting in Fall 2016.
  - Improved market based course material pricing.
  - Work more closely with academic departments to leverage bookstore buying power with publishers and passing along savings to students.
  - Review new and emerging textbook hybrid models (e.g. Amazon) as a future textbook platform delivery system.





# Auxiliaries Update

## ➤ Residential Life

- Successfully opened North Commons housing facility on time and under budget.
- Completed housing master plan resulting in strategies to accommodate 850 to 1,000 more students through the following:
  - Revitalize existing legacy and apartment style buildings to accommodate future enrollment growth.
  - Refine assignment policies with a focus on freshmen being assigned to traditional and suite style living arrangements.
  - Create a stratified pricing structure to take advantage of older facilities and lower occupancy rates.
  - Create a reinvestment strategy for existing facilities and implement a deferred maintenance improvement plan.



# Planning For The Future

- Prepare for the possibility of additional revenue shortfalls that may occur during FY 2017.
  - Discussions with campus leadership have already been initiated to plan for potential FY 2017 revenue failures.
  
- Begin evaluating Fall 2016 student credit hours.
  - With cuts to colleges, reduced course/section offerings could result in a decline in student credit hours, which would intensify reductions in revenue.
  
- FY 2018 budget shortfall
  - Looking a year out, there is already a potential estimated budget deficit of \$400M to \$600M.
  - With the cuts absorbed in FY 2016 and implemented for FY 2017, it will be critical to have strategies in place to protect academic quality and the student experience at OSU.





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