

FY 2018 Budget



June 15, 2017



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FY 2018 Budget Presentation

- ❖ FY 2018 Proposed Budget
- ❖ Proposed Student Costs
- ❖ Student Cost Comparisons
- ❖ Trends in State Funding Reductions
- ❖ State versus National Comparisons in State Funding
- ❖ Need for Increased Revenue
- ❖ Auxiliary Enterprises
- ❖ Planning for the Future



Items Presented For Approval

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



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FY 2018 vs. FY 2017 Total Budget All Agencies

Agency	FY 2017	FY 2018	\$ Change	% Change
General University	\$761,363,102	\$787,799,003	\$26,435,901	3.47%
Oklahoma Agricultural Experiment Station	71,625,506	64,020,088	(7,605,418)	-10.62%
Oklahoma Cooperative Extension Service	51,427,342	49,643,417	(1,783,925)	-3.47%
OSU Institute of Technology	62,501,993	55,582,402	(6,919,591)	-11.07%
Center for Veterinary Health Sciences	40,849,510	40,479,471	(370,039)	-0.91%
Oklahoma City	72,396,973	71,827,688	(569,285)	-0.79%
Center for Health Sciences	205,101,371	208,590,936	3,489,565	1.70%
Tulsa	22,323,865	21,149,991	(1,173,874)	-5.26%
Totals	\$1,287,589,662	\$1,299,092,996	\$11,503,334	0.89%



Proposed Student Costs

OSU System Proposed Tuition/Mandatory Fee Increases for FY 2018

Agency Tuition By Level & Residency	Proposed		% Peer Limit	Increase		
	Per-Credit Hour	Annual		Per-Credit Hour	Percent	Annual
General University & Tulsa:						
Undergraduate Resident	\$291.25	\$8,738	82.9%	\$13.90	5.0%	\$417
Undergraduate Nonresident	\$792.50	\$23,775	82.5%	\$44.40	5.9%	\$1,332
Graduate Resident	\$341.55	\$8,197	83.3%	\$19.25	6.0%	\$462
Graduate Nonresident	\$967.45	\$23,219	99.9%	\$29.80	3.2%	\$715
Center for Veterinary Health Sciences:						
Resident		\$22,094	86.7%		8.6%	\$1,746
Nonresident		\$47,200	90.9%		3.8%	\$1,746
OSU Institute of Technology:						
Undergraduate Resident	\$175.00	\$5,250	49.8%	\$5.00	2.9%	\$150
Undergraduate Nonresident	\$362.00	\$10,860	37.7%	\$5.00	1.4%	\$150
Oklahoma City:						
Lower Division Resident	\$127.88	\$3,836	36.4%	\$2.95	2.4%	\$89
Lower Division Nonresident	\$352.48	\$10,574	36.7%	\$9.50	2.8%	\$285
Upper Division Resident	\$156.43	\$4,693	44.5%	\$3.80	2.5%	\$114
Upper Division Nonresident	\$381.03	\$11,431	39.6%	\$10.35	2.8%	\$311
Center for Health Sciences:						
Graduate Resident	\$250.20	\$6,005	61.1%	\$13.60	5.7%	\$326
Graduate Nonresident	\$876.10	\$21,026	90.5%	\$24.15	2.8%	\$580
Professional Resident		\$26,865	76.1%		7.8%	\$1,939
Professional Nonresident		\$52,797	82.0%		8.4%	\$4,080

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

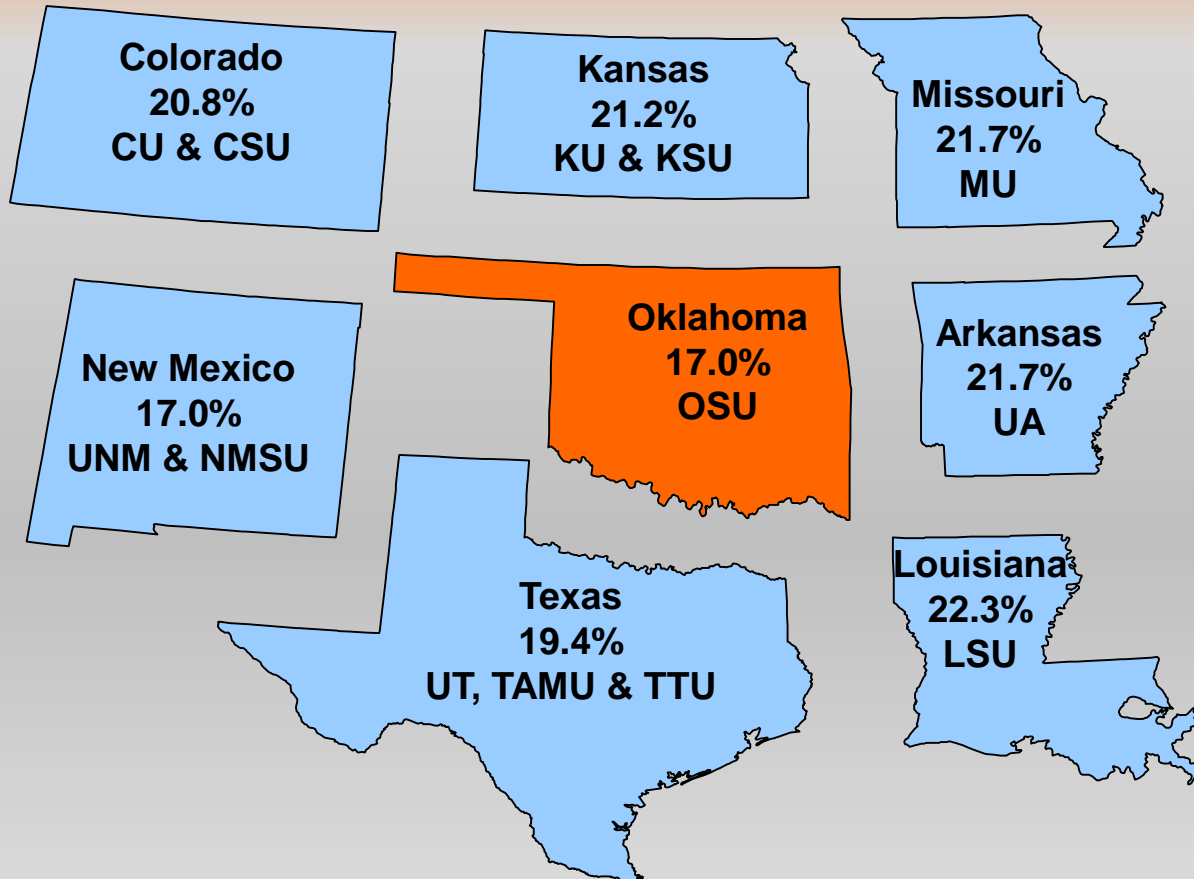
FY10 = 0.0%
 FY11 = 4.4%
 FY 12 = 4.8%
 FY 13 = 2.8%
 FY 14 = 0.0%
 FY 15 = 0.0%
 FY 16 = 4.5%
 7-Yr. Avg. = 2.4%
 FY 17 = 7.0%
 8-Yr. Avg. = 2.9%
 FY 18 = 5.0%
 9-Yr. Avg. = 3.2%

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	\$7,778	\$45,682
CO	\$10,825	\$52,059
KS	\$10,088	\$48,537
MO	\$9,509	\$43,723
AR	\$8,522	\$39,345
LA	\$9,714	\$43,487
TX	\$9,224	\$47,636
NM	\$6,583	\$38,807

Tuition & mandatory fees for each state are based on 2015-2016 undergraduate resident rates for the institutions listed.

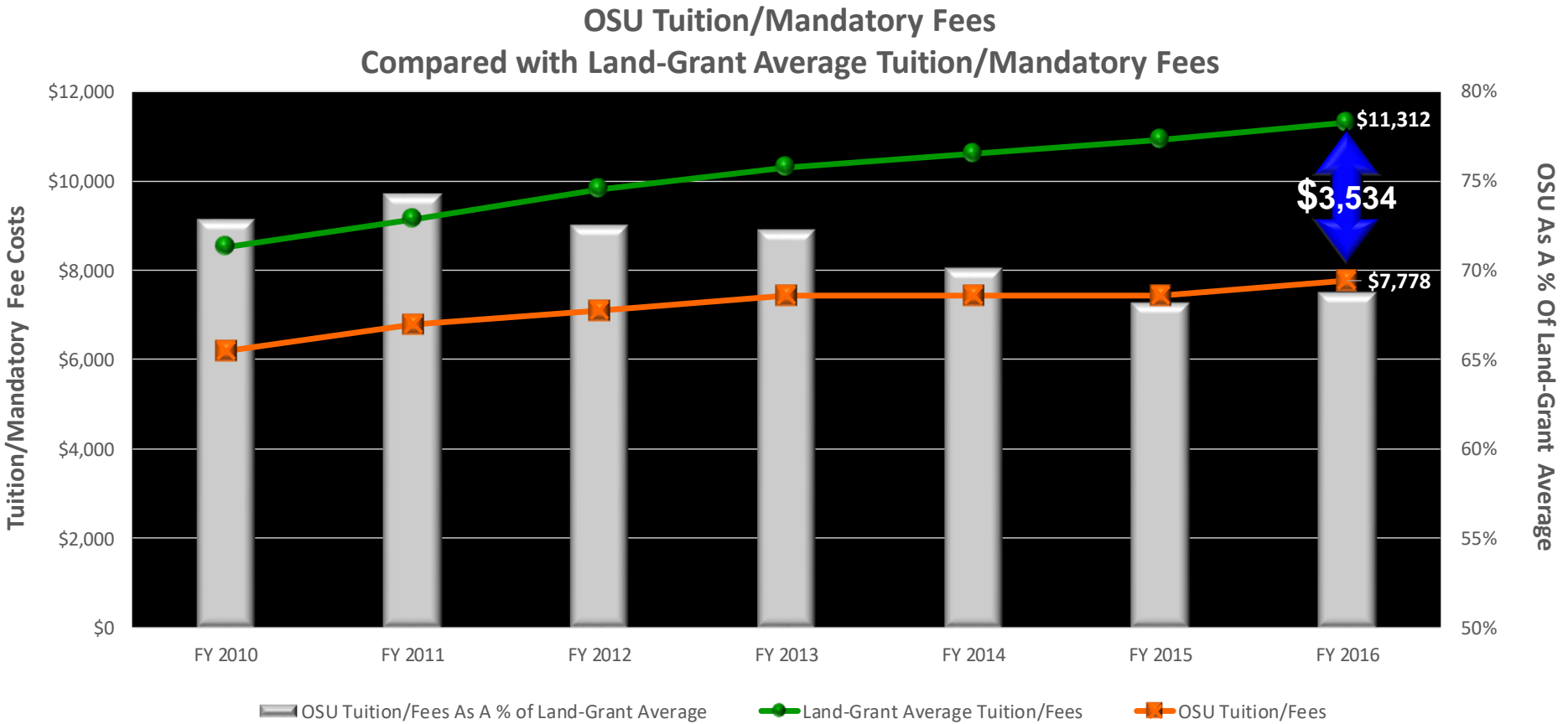
Data on per capita personal income are 2016 figures from the Bureau of Economic Analysis.



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OSU Continues To Be Affordable

When Compared To Land-Grant Average Tuition & Fees
OSU Rates Have Moved Further From Average



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

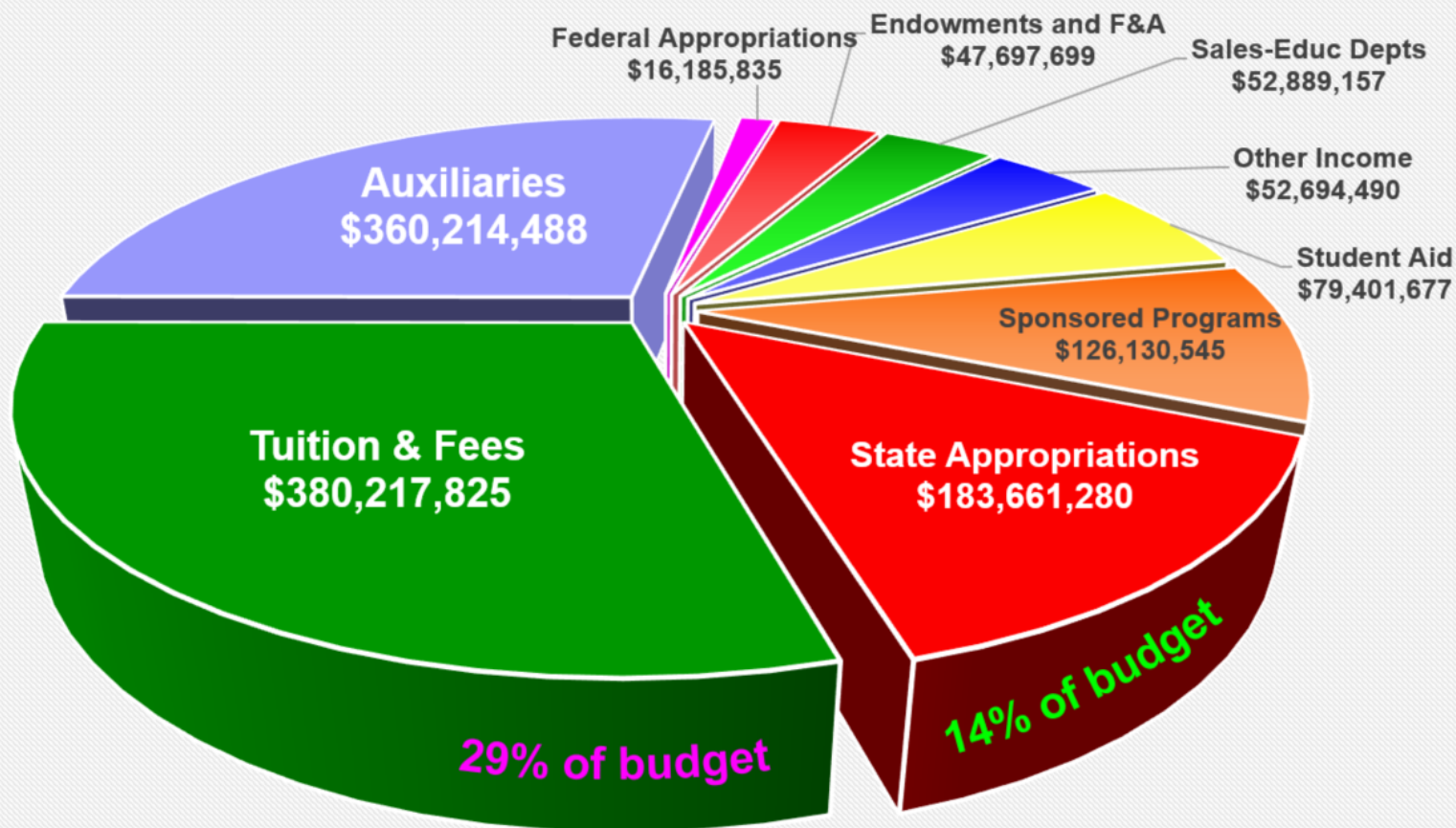
*Percentage of Bachelor Recipients with Student Loan Debt and Average Amount of Student Loan Debt
Big XII Publics & National Publics/Nonprofits for Class of 2015*

<i>INSTITUTION</i>	<i>Percentage of Graduates with Debt</i>	<i>Average Debt</i>
Oklahoma State University	50%	\$24,095
Big XII Average	54%	\$26,843
National Average (public and nonprofit colleges)	68%	\$30,100

Note: Information is pulled from the Project for Student Debt Class of 2015 data (<http://ticas.org/posd/home>).



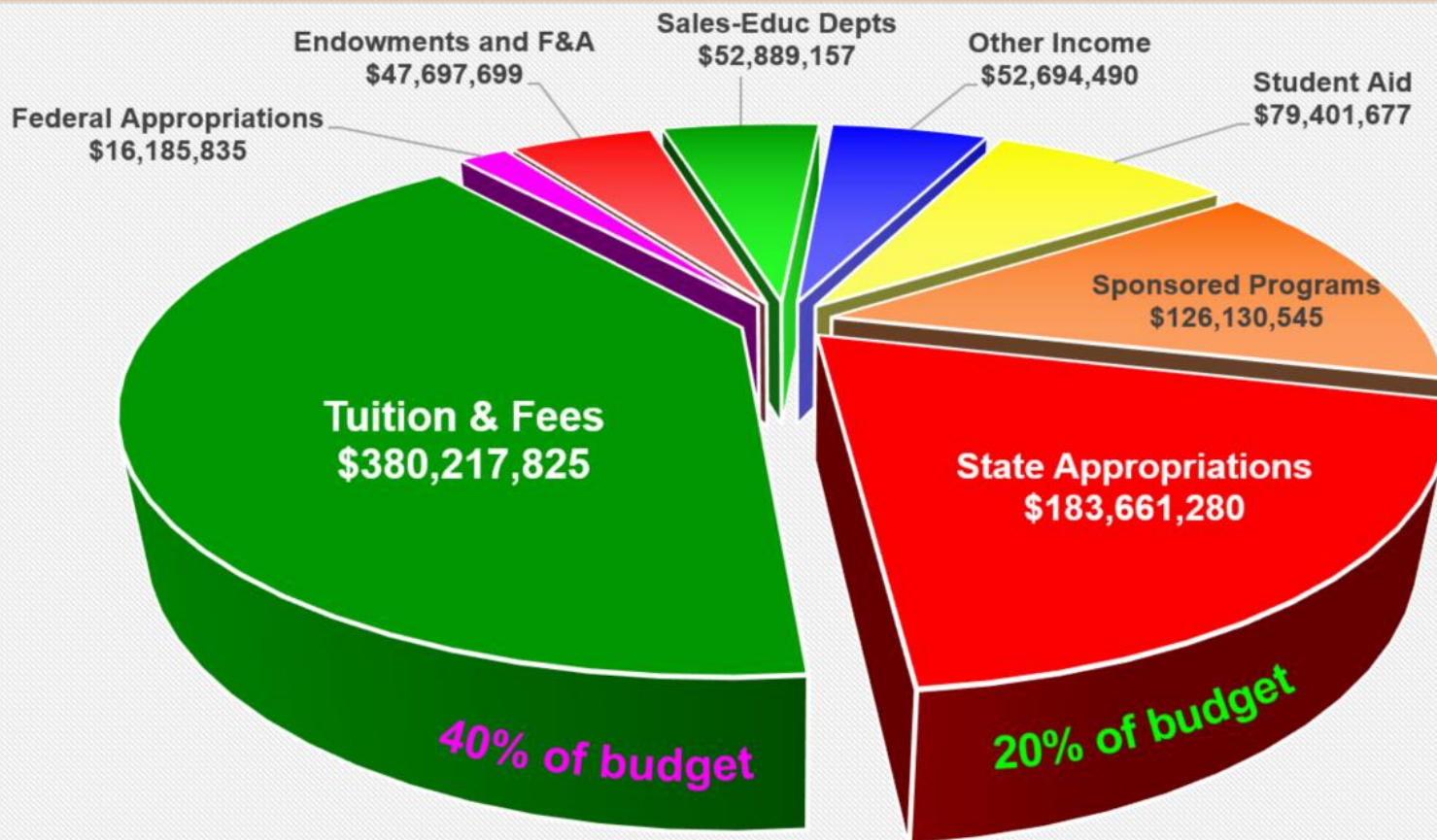
Sources Of Revenue – All Agencies



FY 2018 Total Revenue = \$1.3 Billion

Estimated System Enrollment = 34,906

Sources Of Revenue – All Agencies

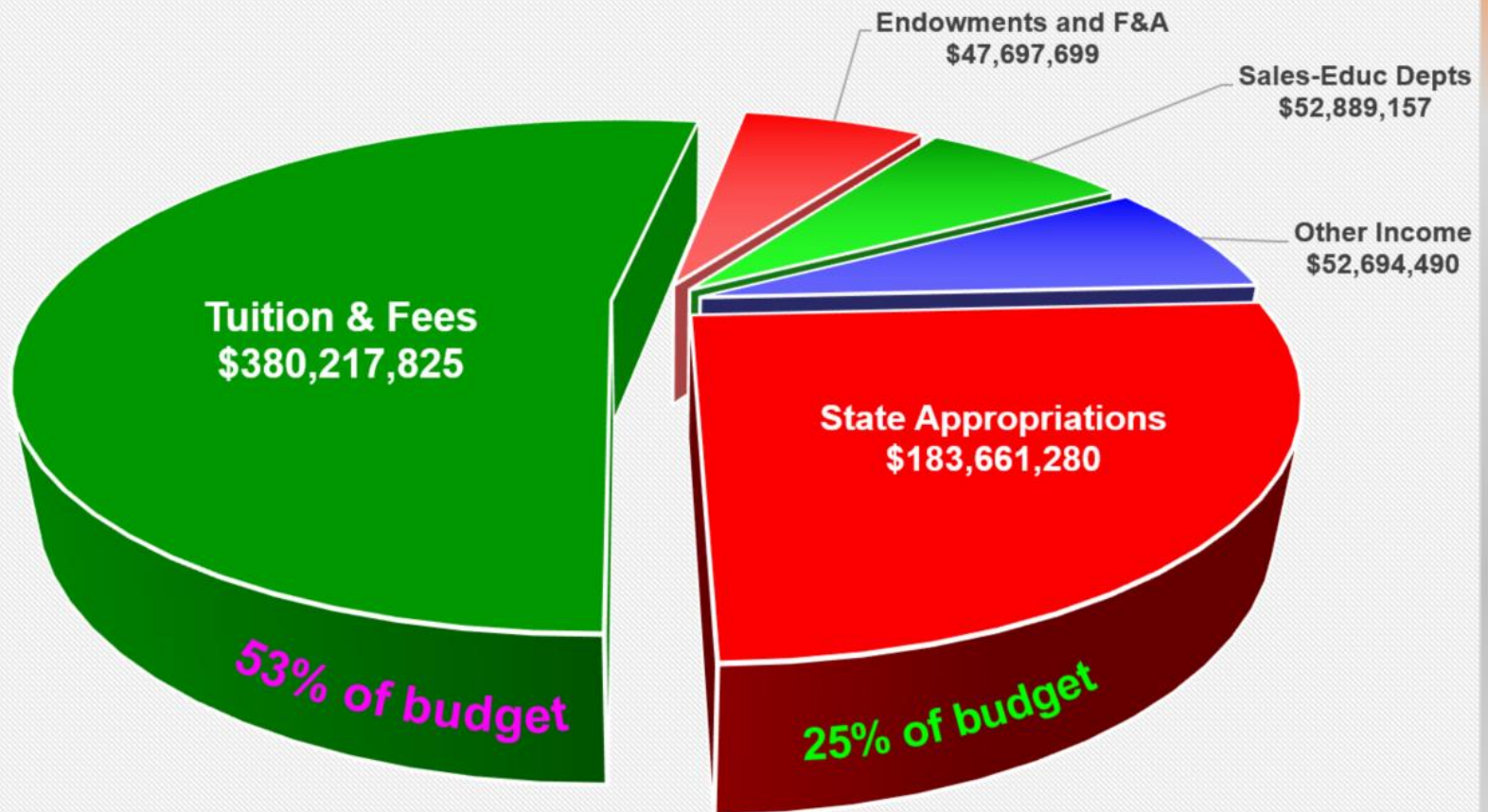


FY 2018 Total Revenue (minus Auxiliaries) = \$939 Million

Estimated System Enrollment = 34,906



Sources Of Revenue – All Agencies



FY 2018 Revenue = \$717 Million

(Total Revenue minus Auxiliaries, Sponsored Programs, Student Aid and Federal Appropriations)

Estimated System Enrollment = 34,906



FY 2018 vs. FY 2017

Education & General Budget

All Agencies

Agency	FY 2017	FY 2018	\$ Change	% Change	% of FY 2018 E&G Funded By State Appropriations
General University	\$428,205,000	\$449,634,378	\$21,429,378	5.00%	20.8%
Oklahoma Agricultural Experiment Station	49,787,786	43,552,588	(6,235,198)	-12.52%	46.7%
Oklahoma Cooperative Extension Service	43,033,342	43,004,917	(28,425)	-0.07%	51.6%
OSU Institute of Technology	31,932,661	29,365,072	(2,567,589)	-8.04%	37.7%
Center for Veterinary Health Sciences	29,552,510	30,692,471	1,139,961	3.86%	27.1%
Oklahoma City	25,349,962	24,501,582	(848,380)	-3.35%	36.3%
Center for Health Sciences	89,351,247	92,993,096	3,641,849	4.08%	11.6%
Tulsa	20,615,693	19,602,182	(1,013,511)	-4.92%	43.9%
Totals	\$717,828,201	\$733,346,286	\$15,518,085	2.16%	25.0%

E&G Budgets:

- Fund the academic mission of the institutions
- Are directly impacted by reductions in state appropriations
- Represent approximately 56% of the overall system budget



State Appropriation Changes FY 2015 To FY 2018

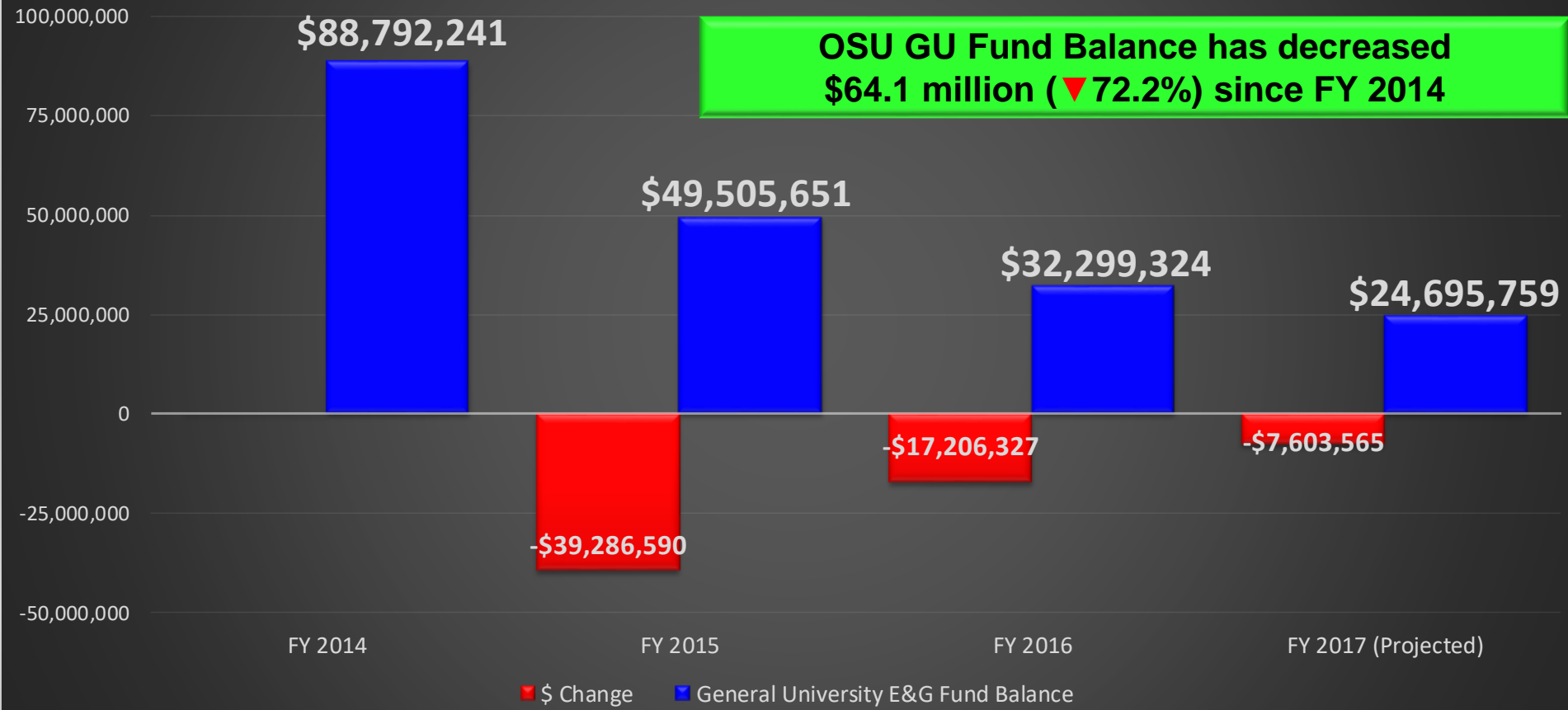
Agency	FY 2015	FY 2016	FY 2017	FY 2018	FY 2015 To FY 2018 Decrease	
					\$ Decrease	% Decrease
General University	\$122,658,690	\$118,365,636	\$99,480,630	\$93,430,439	(\$29,228,251)	-23.8%
Oklahoma Agricultural Experiment Station	26,706,009	25,771,299	21,659,538	20,342,253	(\$6,363,756)	-23.8%
Oklahoma Cooperative Extension Service	29,142,844	28,122,844	23,635,900	22,198,417	(\$6,944,427)	-23.8%
OSU Institute of Technology	14,553,129	14,043,769	11,803,113	11,085,274	(\$3,467,855)	-23.8%
Center for Veterinary Health Sciences	10,902,937	10,521,334	8,842,676	8,304,884	(\$2,598,053)	-23.8%
Oklahoma City	11,663,314	11,255,098	9,459,370	8,884,072	(\$2,779,242)	-23.8%
Center for Health Sciences	14,194,766	13,697,949	11,512,468	10,812,305	(\$3,382,461)	-23.8%
Tulsa	11,295,149	10,899,819	9,160,774	8,603,636	(\$2,691,513)	-23.8%
Totals	\$241,116,838	\$232,677,748	\$195,554,469	\$183,661,280	(\$57,455,558)	-23.8%
\$ Change From Previous Year		-\$8,439,090	-\$37,123,279	-\$11,893,189		
% Change From Previous Year		-3.50%	-15.95%	-6.08%		



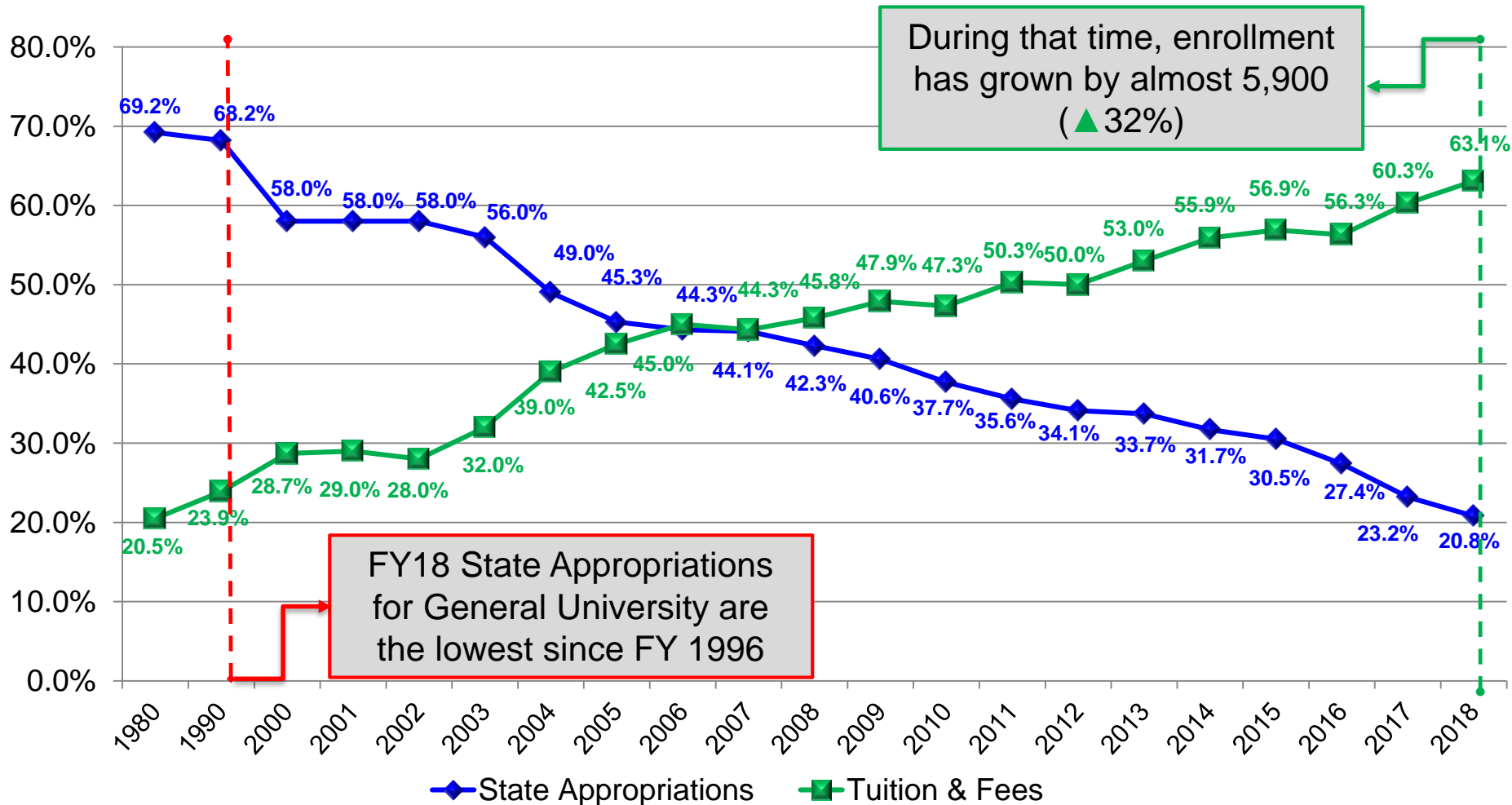
General University Education & General Fund Balances

OSU General University E&G Fund Balance

OSU GU Fund Balance has decreased \$64.1 million (▼72.2%) since FY 2014



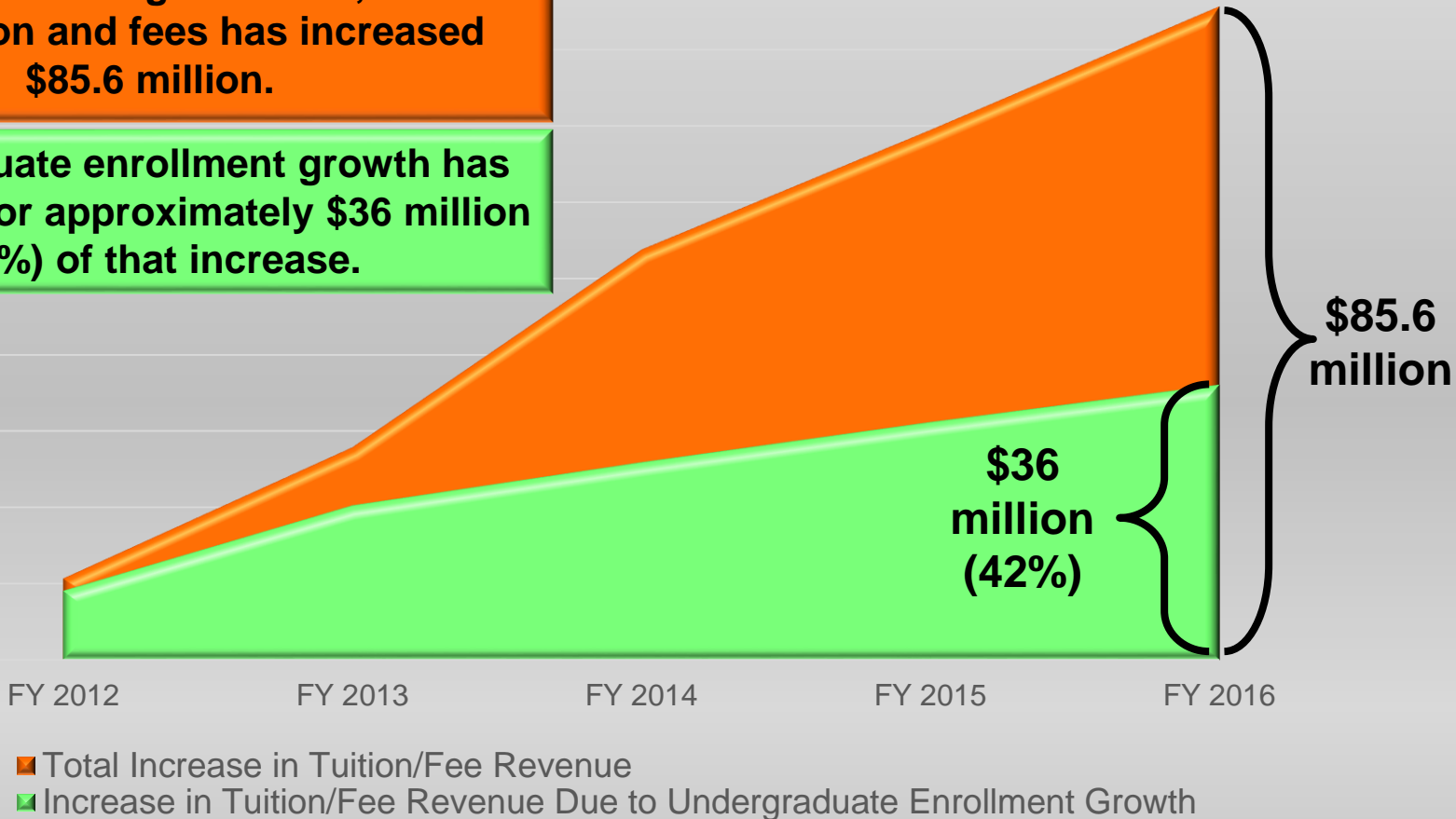
State Appropriations & Tuition/Fee Revenue As A % Of General University E&G Revenue



Increased Tuition and Fee Revenue Is A Combination Of Enrollment Growth And Rate Increases

From FY 2012 through FY 2016, revenue from tuition and fees has increased \$85.6 million.

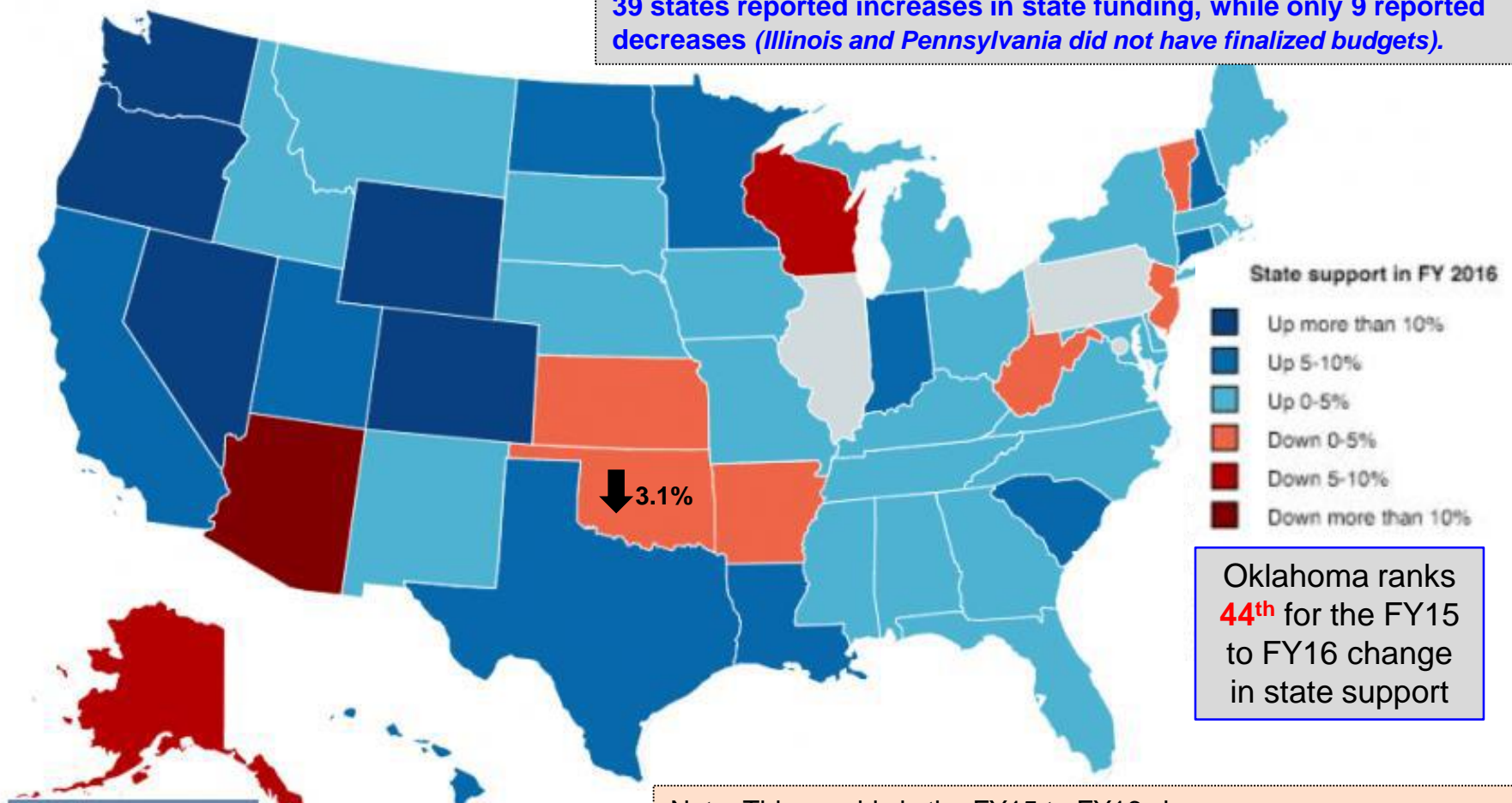
Undergraduate enrollment growth has accounted for approximately \$36 million (42%) of that increase.



State Support For Higher Education

How Oklahoma Compares

39 states reported increases in state funding, while only 9 reported decreases (*Illinois and Pennsylvania did not have finalized budgets*).



↓ 3.1%

DATA: GRAPEVINE

Funding for higher education from fiscal year 2015 to 2016

Note: This graphic is the FY15 to FY16 change. For FY16 to FY17, State Support in Oklahoma declined 15.95%, which would make Oklahoma a **dark red** state.

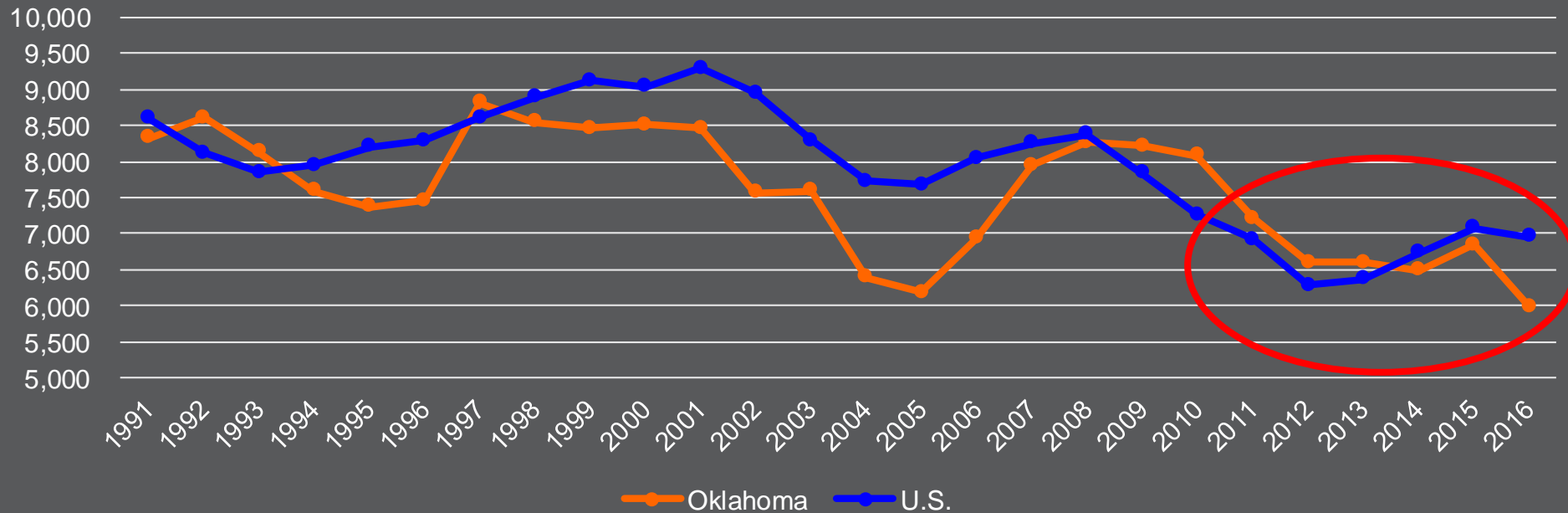


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State Appropriations Per Student FTE

How Oklahoma Compares

Educational Appropriations per Student FTE



Comparing FY 2011 to FY 2016 (circled above):

- The U.S. average educational appropriations per student FTE is up slightly (+\$29 per FTE).
- The average educational appropriations per student FTE in Oklahoma has **declined** by \$1,230 per FTE (-17%).
- Oklahoma ranks **46th out of 50** states in terms of this 5-year change.



Increasing Resources For General University

General University will focus new revenue on the following areas:

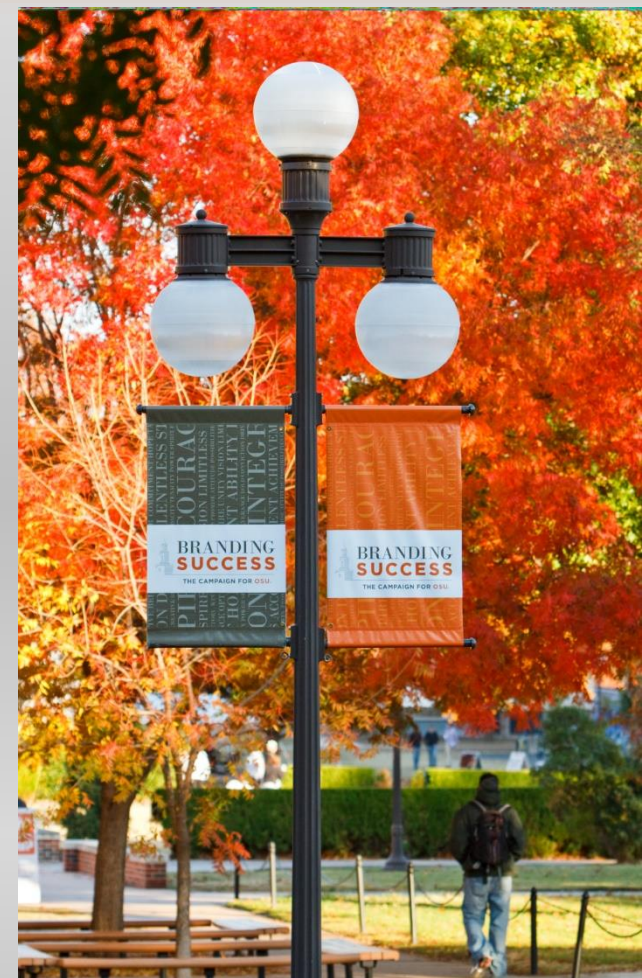
- ❖ Restore & Sustain Academic Programs and Lost Faculty Positions
\$10.5 million
- ❖ Restore Student Services
\$2.0 million
- ❖ Student Recruitment and Retention Initiatives
\$1.5 million
- ❖ Faculty/Staff Retention and Recruitment
\$3.0 million
- ❖ Campus Infrastructure and Operations
\$4.3 million



Importance Of Increasing Resources For General University

Increased resources address the following challenges:

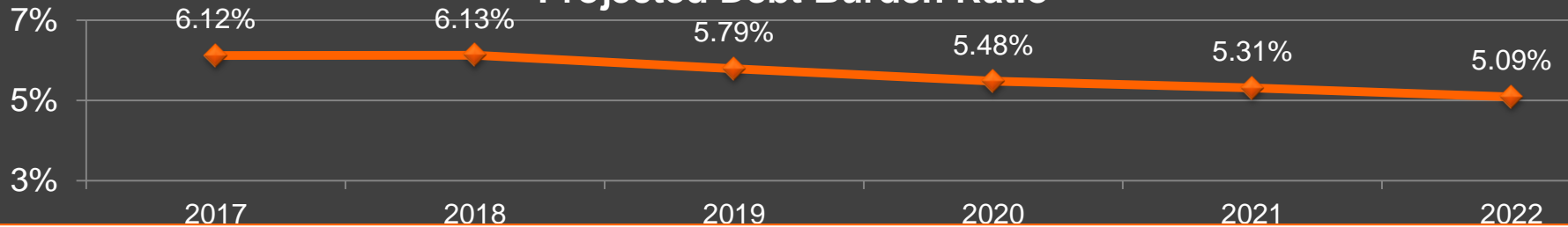
- ❖ Faculty retention and recruitment
 - OSU faculty salaries are consistently below peer average. This results in other institutions recruiting our best faculty.
 - Restoring lost faculty positions will help lower OSU's student/faculty ratio to be more in line with other Big XII institutions.
- ❖ Sustain the continued growth in undergraduate enrollment and ensure services to improve student retention.
- ❖ Maintain the quality of academic programs and improve national reputation and rankings. OSU's lack of funds is often reflected in rankings involving resources.
 - U.S. New Best College Ranking financial resource category is OSU's lowest ranking.
 - Wall Street Journal / Times Higher Education College Ranking resources category is also OSU's weakest category.



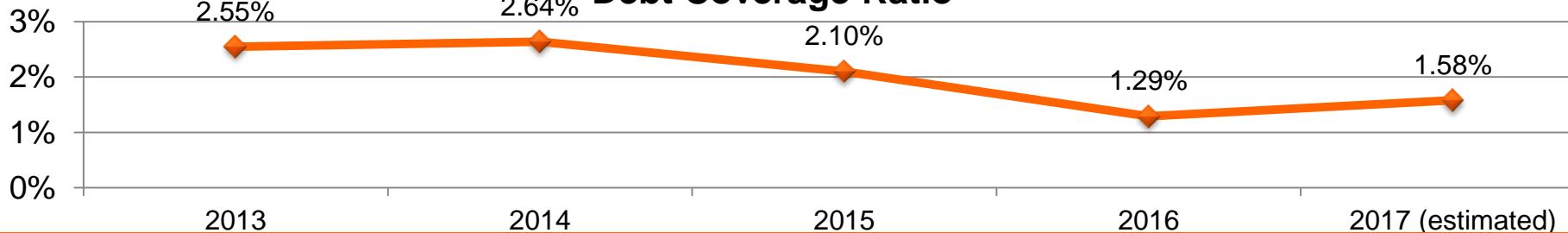
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Key Financial Indicators

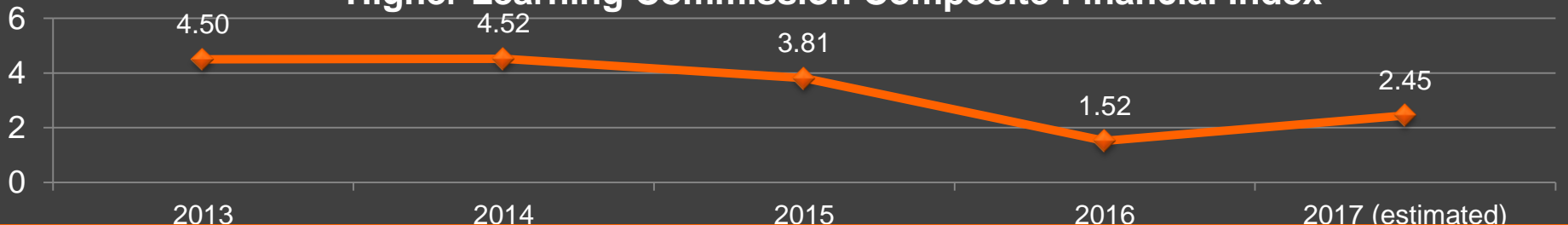
Projected Debt Burden Ratio



Debt Coverage Ratio



Higher Learning Commission Composite Financial Index



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



Auxiliaries Update

➤ Athletics

- Football season ticket sales are currently 83.4% of last year's total; club level are 90.1%.
- The OSU football team set a program record with an NCAA Academic Progress Rate (APR) score of 974. Five additional OSU sports produced perfect APR scores of 1,000 including:
 - Men's Golf
 - Women's Golf
 - Women's Tennis
 - Women's Cross Country
 - Soccer
- Oklahoma State Produced four Academic All-Americans and four Big XII Scholar Athletes of the Year, including:
 - Courtney Dike (Soccer)
 - Brad Lundblade (Football)
 - Vanessa Shippy (Softball)
 - Kaylee Jensen (Women's Basketball)
 - Luis Martinez (Men's Cross Country)
 - Craig Nowak (Men's Track and Field)
- Oklahoma State University won four Big XII team titles, putting the all-time tally of team conference championships at 402. Big XII team titles included:
 - Men's Cross Country
 - Women's Tennis
 - Wrestling
 - Baseball
- OSU won the all-sports Bedlam Series over the University of Oklahoma for the fourth straight year.



Auxiliaries Update

- Student Union / Wes Watkins Center
 - Completed Student Union Garage renovation, with a 23% decrease in utilities for this facility year to date.
 - Completed several facility enhancements in the Wes Watkins Center and have increased revenue over previous year by 12%.
 - Maximized facility space by allowing classroom space to be used in the Wes Watkins Center and Scott/Parker/Wentz Dining facility.
 - In partnership with the Entrepreneurship program, the Student Union will initiate a “white box” retail program to allow entrepreneur students the opportunity to sell products in the Student Union.



Auxiliaries Update

➤ University Store

- Initiatives to address textbook cost:
 - Implemented first year of textbook rental program which was well received by students.
 - Created a textbook faculty advisory board in conjunction with the Office of the Provost to address ongoing strategies on how best to keep the cost of delivering textbooks to our students down. Group will meet a minimum of twice a year.
 - Held meetings with most academic units to provide cost saving strategies to control textbook cost.
- With a 15% increase in emblematic soft good sales over last year, the University Store is now the largest seller of OSU emblematic wear.



Auxiliaries Update

➤ Residential Life

- Projected 98% occupancy rate for Fall 2017
- New retention related programs started in 2016-2017:
 - Residential Curriculum carried out by Community Mentors. In a survey conducted to assess this program, almost 90% of students rated curriculum as somewhat or extremely useful.
 - Late Night Alternative Programs to provide social activities for students on campus. At least 250 students attended each program.
 - Cowboy Life Scholars – targeted at alternatively admitted students. Requires students to attend planned programs to increase chances for student success.
 - The Fall 2016 program was completed by 78 students.
- Sent encouraging emails to each new freshmen living in campus housing and their parents during the first semester.



Auxiliaries Update

➤ Residential Life (cont.)

- Cost Savings / Cost Avoidance:

- Debt service for the six Village Halls was refinanced, saving approximately \$4.3 million in FY17 and FY18 combined.
- Implemented energy savings steps, resulting in approximate savings of \$330,000 in utilities and an OG&E rebate of \$239,000.

- Continued Renovations:

- Parker Hall – renovations of floors 2 through 5 will be completed by August 2017.
- Brumley Neighborhood – phases 1 and 2 will be completed by August 2017.
- Significant improvements to Family and Graduate Student Housing.

➤ University Dining Services

- Opened north dining facility on time and under budget.
- Began the process of repositioning Adams Market as Student Union North. This facility will provide a community gathering space for north campus activities.
- Hired a new Director of University Dining Services.



Planning For The Future

- Prepare for the possibility of additional revenue shortfalls that may occur during FY 2018.
 - Discussions with campus leadership have already been initiated to plan for potential FY 2018 revenue failures.
- FY 2019 budget shortfall
 - Looking a year out, there is already a potential estimated budget deficit of \$400M to \$600M.
 - With the cuts absorbed over the past 3 years, it will be critical to have strategies in place to protect academic quality and the student experience at OSU.





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