FY 2019 Budget

June 21, 2018

America’s Brightest ORANGE
FY 2019 Budget Presentation

- FY 2019 Proposed Budget
- Proposed Student Costs
- Student Cost Comparisons
- Trends in State Funding Reductions
- State versus National Comparisons in State Funding

America’s Brightest ORANGE
Items Presented For Approval

- State Regents’ Budget Forms
- Tuition & Fee Rates
## FY 2019 vs. FY 2018 Total Budget
### All Agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General University</td>
<td>$787,799,003</td>
<td>$820,764,806</td>
<td>$32,965,803</td>
<td>4.18%</td>
</tr>
<tr>
<td>Oklahoma Agricultural Experiment Station</td>
<td>64,020,088</td>
<td>63,389,601</td>
<td>-630,487</td>
<td>-0.98%</td>
</tr>
<tr>
<td>Oklahoma Cooperative Extension Service</td>
<td>49,643,417</td>
<td>48,874,419</td>
<td>-768,998</td>
<td>-1.55%</td>
</tr>
<tr>
<td>OSU Institute of Technology</td>
<td>55,582,402</td>
<td>53,786,755</td>
<td>-1,795,647</td>
<td>-3.23%</td>
</tr>
<tr>
<td>Center for Veterinary Health Sciences</td>
<td>40,479,471</td>
<td>41,773,474</td>
<td>1,294,003</td>
<td>3.20%</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>71,827,688</td>
<td>73,262,657</td>
<td>1,434,969</td>
<td>2.00%</td>
</tr>
<tr>
<td>Center for Health Sciences</td>
<td>208,590,936</td>
<td>202,822,500</td>
<td>-5,768,436</td>
<td>-2.77%</td>
</tr>
<tr>
<td>Tulsa</td>
<td>21,149,991</td>
<td>20,490,088</td>
<td>-659,903</td>
<td>-3.12%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,299,092,996</strong></td>
<td><strong>$1,325,164,300</strong></td>
<td><strong>$26,071,304</strong></td>
<td><strong>2.01%</strong></td>
</tr>
</tbody>
</table>
Sources Of Revenue – All Agencies

FY 2019 Total Revenue = $1.325 Billion
Estimated System Enrollment = 34,609
### Proposed Student Costs

**OSU System Proposed Tuition/Mandatory Fee Increases For FY 2019**

<table>
<thead>
<tr>
<th>Agency Tuition By Level &amp; Residency</th>
<th>Proposed</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per-Credit Hour</td>
<td>% Peer Limit</td>
</tr>
<tr>
<td>General University &amp; Tulsa:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident</td>
<td>$300.60</td>
<td>79.2%</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>$817.95</td>
<td>78.3%</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>$352.50</td>
<td>82.7%</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>$998.45</td>
<td>99.9%</td>
</tr>
<tr>
<td>Graduate Nonresident - Online Degree Programs</td>
<td>$482.05</td>
<td>48.2%</td>
</tr>
<tr>
<td>Center for Veterinary Health Sciences:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonresident</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSU Institute of Technology:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident</td>
<td>$185.00</td>
<td>48.7%</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>$372.00</td>
<td>35.6%</td>
</tr>
<tr>
<td>Oklahoma City:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident</td>
<td>$149.28</td>
<td>39.3%</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>$385.28</td>
<td>36.9%</td>
</tr>
<tr>
<td>Center for Health Sciences:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>$262.18</td>
<td>61.5%</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>$908.13</td>
<td>90.8%</td>
</tr>
<tr>
<td>Graduate Nonresident - Online Degree Programs</td>
<td>$391.73</td>
<td>39.2%</td>
</tr>
<tr>
<td>Professional Resident</td>
<td>$27,895</td>
<td>76.2%</td>
</tr>
<tr>
<td>Professional Nonresident</td>
<td>$55,397</td>
<td>83.8%</td>
</tr>
</tbody>
</table>

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

**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%
8-Yr. Avg. = 2.9%
9-Yr. Avg. = 3.2%
10-Yr. Avg. = 3.2%
OSU Continues To Be Affordable
When Compared To Land-Grant Average Tuition & Fees
OSU Rates Have Moved Further From Average

OSU Tuition/Mandatory Fees
Compared with Land-Grant Average Tuition/Mandatory Fees


Tuition/Mandatory Fee Costs

Land-Grant Average Tuition/Fees
OSU Tuition/Fees

OSU is 27% lower than the land-grant average.
# State Appropriation Changes

## FY 2015 To FY 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General University</td>
<td>$122,658,690</td>
<td>$118,365,636</td>
<td>$99,480,630</td>
<td>$92,860,507</td>
<td>$92,860,507</td>
<td>($29,798,183)</td>
</tr>
<tr>
<td>Oklahoma Agricultural Experiment Station</td>
<td>26,706,009</td>
<td>25,771,299</td>
<td>21,659,538</td>
<td>20,218,164</td>
<td>20,218,164</td>
<td>(6,487,845)</td>
</tr>
<tr>
<td>Oklahoma Cooperative Extension Service</td>
<td>29,142,844</td>
<td>28,122,844</td>
<td>23,635,900</td>
<td>22,063,005</td>
<td>22,063,005</td>
<td>(7,079,839)</td>
</tr>
<tr>
<td>OSU Institute of Technology</td>
<td>14,553,129</td>
<td>14,043,769</td>
<td>11,803,113</td>
<td>11,017,653</td>
<td>11,017,653</td>
<td>(3,535,476)</td>
</tr>
<tr>
<td>Center for Veterinary Health Sciences</td>
<td>10,902,937</td>
<td>10,521,334</td>
<td>8,842,676</td>
<td>8,254,224</td>
<td>8,254,224</td>
<td>(2,648,713)</td>
</tr>
<tr>
<td>Oklahoma City</td>
<td>11,663,314</td>
<td>11,255,098</td>
<td>9,459,370</td>
<td>8,829,878</td>
<td>8,829,878</td>
<td>(2,833,436)</td>
</tr>
<tr>
<td>Center for Health Sciences</td>
<td>14,194,766</td>
<td>13,697,949</td>
<td>11,512,468</td>
<td>10,746,350</td>
<td>10,746,350</td>
<td>(3,448,416)</td>
</tr>
<tr>
<td>Tulsa</td>
<td>11,295,149</td>
<td>10,899,819</td>
<td>9,160,774</td>
<td>8,551,153</td>
<td>8,551,153</td>
<td>(2,743,996)</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$241,116,838</strong></td>
<td><strong>$232,677,748</strong></td>
<td><strong>$195,554,469</strong></td>
<td><strong>$182,540,934</strong></td>
<td><strong>$182,540,934</strong></td>
<td><strong>($58,575,904)</strong></td>
</tr>
</tbody>
</table>

| $ Change From Previous Year | -8,439,090 | -37,123,279 | -13,013,535 | 0 |
| % Change From Previous Year  | -3.50%     | -15.95%     | -6.65%      | 0.00%        |

-24.3%
State Appropriation As % Of Total Revenue -- FY 1999 To FY 2019

- Center for Veterinary Health Sciences: FY 1999: 50%, FY 2004: 45%, FY 2009: 20%, FY 2014: 12%, FY 2019: 5%
Over the past 20 years, General University state appropriations per student FTE has decreased by over $1,700 (▼ 28%).

Current state appropriations are the lowest since FY 1996.

Enrollment has grown by over 5,800 (▲ 32%).
America’s Brightest ORANGE

State Support For Higher Education
How Oklahoma Compares -- FY 2015 Through FY 2018

34 states reported increases in state funding, while 16 reported decreases

Oklahoma ranks 50th for the FY15 to FY18 % change in state support
General University Education & General Fund Balances

OSU GU fund balance has decreased $68.6 million (▼ 77.3%) since FY 2014
OSU consistently implements practices to increase efficiency across all areas, including:

- **Facilities and Energy Management:**
  - Energy Management Program has served as a state-wide model for almost a decade
  - Wind Farm Project has helped stabilize utility rates
  - Water Treatment
  - Outsourcing of custodial services
  - Zone maintenance system

- **Employee Benefits:**
  - Transitioned to a self-insured model for employee health insurance
  - Adjusted retirement plans for incoming employees to move more in line with peer models
  - Implemented enhancements to the workers’ compensation plan resulting in a reduction in claims and cost

- **Personnel Management:**
  - Over the past 5 years, OSU has reduced non-instructional, full-time employees by 245
Process Improvements provides consistency across the A&M System

- eProcurement (OK Corral and Pcard)
  - Increased annual Pcard rebate
  - Reduced paper processes
- Touchnet
  - Online payments
  - Student Payment Plans
- eCommerce
  - Assists with PCI compliance

Shared Services for A&M Institutions and OSU Agencies, including:

- Information Technology
- Human Resources
- Long Range Facilities Planning
- Budget & Asset Management

- Payroll
- Purchasing
- Accounting

Debt Management

- Holds the highest bond rating of any university in the state
- Refinances bonds to lower debt burden whenever possible
- Consistently maintains a debt burden ratio lower than the NACUBO standards
General University will focus on the following initiatives:

- Revenue Enhancement
- Student Success
- Competitive Faculty and Staff Salaries
- Research Excellence
- Campus Renewal
OSU continues to prioritize first year retention and student success

- Established a Student Retention Working Group
- Created a First Year Success Office to connect new students with campus resources and activities
- LASSO Center provides:
  - Academic success coaching
  - Tutoring
  - Supplemental instruction for historically challenging courses
  - Student success workshops
- Assists students with curricular deficiencies by offering co-requisite instruction in gateway math courses.
OSU’s lack of revenue is reflected across national and global rankings.

- Based on the Wall Street Journal / Times Higher Education College Ranking, OSU’s per student expenditures are more than $3,800 lower than average for Big XII public institutions.

- U.S. News Best College Rankings financial resource category is consistently OSU’s lowest ranking.

- In addition to improving resource metrics, increasing revenue also results in:
  - Smaller class sizes
  - Lower student to faculty ratio
  - Ability to recruit and retain outstanding faculty
Competitive Salaries For Faculty And Staff

- With no salary program since October of 2015, OSU continues to lose talented faculty and staff to other universities.
- The cost to get OSU faculty to the Big XII average in a single year is approximately $13.3 million.
- With a proposed 2.5% salary program for FY 2019, this will be the beginning of a multi-year plan to bring faculty and staff compensation to a more competitive level.
- In addition, to get graduate stipends to the 50th percentile of peers would cost $1.7 million.
HIBAR Research will build upon OSU’s existing research across a wide spectrum of disciplines to achieve the following goals:

- Raise the research profile and reputation of OSU
- Encourage collaboration across a wide array of interdisciplinary expertise and success
- Embrace the attainment of new knowledge to find solutions to important societal problems
- Provide the potential for economic development
- Leverage institutional funding to acquire additional external funding

Anticipated cost = $2 million per year over 10 years
OSU has had an unprecedented period of renovation and new construction over the past decade.

Maintaining the buildings and grounds requires campus renewal and beautification be emphasized on a continuing basis. This includes:

- Analysis of current conditions of all buildings, including classrooms and laboratories
- A long-term vision for the planning and design of the campus to support OSU’s mission and strategic plan.
- A ten year capital renewal maintenance master plan.

Anticipated cost = $16 million per year over 10 years
Priorities For FY 2019

- Enhance Revenue
- Student Success
- Faculty/Staff Salaries
- HIBAR Initiative
- Campus Renewal
- Institutional Profile & Reputation